


In view of the same, one last opportunity is being provided to the licensees for submitting requisite details along with proof of payment to back up the claimed deductions in the Audited quarterly Statement of Revenue & License Fee for the financial year 2007-08 onwards *latest by 20.12.2011* to the concerned Pr.CCA/ CCA office, so that annual assessment for the year 2007-08 onwards can be carried out.

In case no reply is received by the aforesaid date, it would be presumed that no deduction is to be claimed and the License Fee payable will be assessed accordingly.

6. In case, the said details along with the proof of actual payments for the years 2007-08 onwards have already been submitted to the O/o the Pr. CCA/ CCA office, this communication may be ignored.


30/11/11
Director (LF-III)

Copy to: All Principal CCAs /CCAs /Jt.CCAs concerned.

1. ~~Almond~~ 30/11/11 for M/s. S Tel Pvt Co.
(Rajendra Sikkar)
2. Anur Kumar 30/11/11 M/s Loop Mobile (India) Ltd.
Dhe
3. Arushkarna 30/11/2011 M/s Etisalat DB Telecom Pvt Ltd.
- 4) ANISH 30/11/2011 M/s ^{BIARTI} Airtel Ltd.
- 5) BINAL CHOPRA 30/11/2011 M/s VIDEOCON TELECOMMUNICATIONS LIMITED
(17:15)
- 6) → ~~Fupoo~~ Reliance (By fax)
- 7) DINESH BISHN - 30/11/2011 M/s. ANCELECT/ ^{Dishnet}
- 8) Rishi Singh 1/12/2011 M/s United Wireless (Jamshedpur) ^{Pvt}
- 9) Amit Raina 1/12/2011 M/s Vodafone India Ltd.
- 10) Pankaj M/s ~~Socel~~ ~~Fusion~~

Government of India
 Ministry of Communications & Information Technology
 Department of Telecommunications
 (LF-II Section)
 Sanchar Bhawan, 20, Ashoka Road, New Delhi-110 001.

No. 6-2/2008/LF-II/Pt.

Dated, the 06.01.2012

To,
All Pr. C'sCA / C'sCA

Sub: Posting of LF Collections and GR / AGR data in the LF Software.

It has been reiterated that the posting of LF collections and GR / AGR figures in the LF Software should be completed within two working days of its receipt. It is noticed that most of the circles have posted the figures of LF Collections and GR / AGR up to the 2nd quarter of 2011-12.

2. In order to finalize and to submit the quarterly TC Memo in respect of the 3rd quarter for review of Telecom Commission, it is requested that the feeding of data in respect of LF Collections and GR / AGR (Unaudited and Audited) up to the 3rd quarter of 2011-12 be completed by 17th of January 2012. The monthly LF collection statement for the month of January, 2012 may also be sent immediately.

(Amit Katoch)
Director (LF-III)
Tel: 2303 6015



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1-28/2006/LF
Government of India
Ministry of Communications & IT,
Department of Telecommunications
No 20, Ashoka Road, Sanchar Bhawan New Delhi 110001.

Dated at New Delhi the 10th Jan 2012

To
The Pr. Controller of Communications Accounts,
Kolkata

Sub: - Minutes of the meeting of Eastern Region CsCA held on 24th & 25th November 2011.
Queries raised in respect of LF portion –reg.

Kindly refer to the various queries relating to LF Portion raised during the CsCA meeting held in Kolkata on 24th & 25th November 2011 and included in the minutes of the meeting. The queries have been examined at DoT (HQ) and clarifications as given below are furnished:-

Query a .: As per clarification No. 3 given in DOT letter No. 1-28/2006/LF dated 05/07/2007, inter-divisional payments/ adjustments of a company are treated as permissible deductions upon production of "duly audited proof of adjustment". It may kindly be clarified as to which document will suffice as Audited Proof of adjustment.

In this connection it is also pointed out that no operator is showing revenue received from other operators on account of pass through Call Charges and Roaming Charges in AGR statements.

Clarification: In this context, the CsCA at the end of a quarter can verify the inter-division payments/adjustments as recorded by the licensee company duly attested by the Company's authorized signatory. The same records can be cross checked with the same documents duly certified by the auditor at the end of the year. In case of non production of proper audited proof of adjustment, the CsCA can decide disallowance of such adjustment. As regards the specific documents, the same will differ from case to case. Hence no exhaustive list can be provided. In regard to non depiction of revenues received from other operators on account of pass through and roaming charges, no such instance is noticed at DoT (HQ) level. However,

~~98~~

if such instances are noted at CCA level, the same may be got clarified from the Operator or from their account records through their auditor.

Query b.: As per DOT's instructions verification of quarterly deductions are to be completed by 15th October – 1st Quarter, 15th January – 2nd Quarter, 15th April – 3rd Quarter and 30th June – 4th Quarter. As the audited proof of adjustments for inter-division / inter-circle payments are only available after audit of annual accounts of the operator after close of the Financial Year, how such adjustments for 1st, 2nd and 3rd Quarters are verifiable in absence of audited proof of adjustments.

Clarification: A Licensee is supposed to submit quarterly Revenue and License Fee Statement during each quarter of a financial Year on self assessment basis. Hence, at the first instance, verification of deductions based on the quarterly documents so submitted has to be done. However, as the yearly assessment of LF is done on the basis of Annual Audited Accounts of the Licensee Company, final verification is also required to be done again, after the submission of audited proof of adjustments. As has been noticed over the years, the variation between the deductions claimed on quarterly basis has been insignificant vis-à-vis the audited figures in most of the cases. This is expected to further reduce since the Hon'ble Supreme Court has clearly delivered that the deductions will be claimed on actual basis only.

Query c.: It is often seen that Amounts of Gross Revenue, Deductions claimed and AGR as shown in quarterly AGR Statements submitted by the operators at the time of quarterly payments, differ with that shown in the Audited AGR. Whether in such Circumstances deduction claims are to be re-verified with reference to Audited AGR?

Clarification: In certain instances, the audited Gross revenue, Deductions claimed and the resultant Adjusted Gross Revenue figures do vary with those intimated vide quarterly Revenue and License Fee Statements. In such cases, the verification reports are to be revised vis-a-vis the audited figures.

~~79~~

Query d.: Whether verification of deductions in respect of Tata Tele Services and other operators which was held in abeyance vide DOT letter No. 1-27/2005/LF dated 01/07/2008 can be resumed now?

Clarification: Clarification will follow.

Query e.: No Guide lines on AGR Verifications work and Assessment of License Fee in respect of ISP-IT licenses in the wake of Supreme Court Judgment dated 11/10/2011 have been received from DOT (HQ).

Clarification: In doubtful cases CsCA have full authority to call for the account records and verify the deductions claimed, as per Financial condition No.20.3 of ISP License Agreement, which reads as follows:

The Licensor or the TRAI, as the case may be, shall have a right to call for and the Licensee shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this License at any time without recording any reasons thereof.

Further, a copy of Hon'ble Supreme Court Judgment dated 11/10/2011 was already circulated to all Pr. CsCA/CsCA vide letter No 12-7/2003-LF (Vol IV) (Part) dated 07-12-2011, for comprehensive review of License Fee from all the Licencees for pending years and raising/finalizing demand relating to License Fee.

Query f.: What action is required on the Part of CsCA in case of non submission of deduction claim documents by the operators within the stipulated period. This is required as most of the operators are not submitting the documents including Proof of Payment against deduction claims within the prescribed date.

Clarification: In cases of non-submission of required documents by the service providers in support of the deductions claimed, the CCA office can disallow the deductions and send the



report accordingly to DoT (HQ). The DoT (HQ) will accordingly carryout the assessment of the said licensee company.

Query g.: It has also been observed that some times operators adjust the excess amount paid in the previous quarters from the amount payable in next quarter irrespective of the fact that the said two quarters are in same financial year or in two financial years. It may also be confirmed whether such adjustments are permissible before finalizing the Audited AGR of the company for the particular period / year.

Clarification: Such adjustments may be permitted with in the same financial year, since the License Fee due and License Fee paid for each quarter of an year are reconciled at the time of annual assessment of that year. Any implications of interest payable on account of short payment of License Fee will be taken care of, during the assessment. However, owing to the same, such adjustment shall not be allowed between two financial years.

Query h.: As per instructions, deductions are to be allowed for PSTN related call charges actually paid to other operators and against roaming revenue actually passed on to other eligible service providers. It is seen that the operators are being actually paid less amount as certain portion is being deducted as TDS by Payee Operator. But invariably they claim deduction for full amount (i.e. including TDS amount which was not actually paid.) is full amount admissible as deduction? If yes proof for TDS deposited also to be insisted. Presently they are seeking deduction against full amount but giving proof of payment only to the extent passed on to other operators. No proof of TDS passed on to Tax Authorities is being provided.

Clarification: Deduction of the whole amount including TDS may be allowed. Apart from proof of tax deposit to IT Dept, copy of TDS Certificate issued by the deducting authority may be taken to verify the same

Query i.: Along with Statement of Revenue and License Fee, the service providers enclose Ann IV and Ann V. while Ann V is PSTN related call charges passed on to other operators

for wireline subscribers and wireless subscribers (on accrual basis), Ann V is about 'Roaming Revenue passed on to other operators (on accrual basis). Is it valid and acceptable and deduction claim is to be verified just by looking whether individual elements therein actually paid to other operators or not

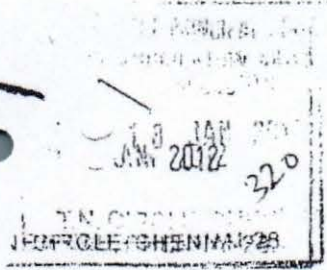
Clarification: The query is not clear. There are no such Annexures prescribed by DoT (HQ). It is understood that some Licencees might be submitting the deductions claimed on accrual basis in the light of TDSAT Judgment dated 30/08/2007. However, the Hon'ble Supreme Court has now set aside the said TDSAT Judgment in civil appeal no 5059/2007. Now, all deductions are to be strictly allowed on actually paid basis only.

This issues with the approval of Member (Finance)

K.R.Venugopal
ADG (LF III)

Copy to:

- (1) All Pr.CsCA and CsCA for information. They may also refer any query/problems relating to verification of deductions for examination and clarification by DoT (HQ).
- (2) ADG -DCA (T A Section) with reference UO note No. 7-23/2011/Eastern Region CCA Conf dated 08/12/2011



No. 13-32/2009-LF-1/ISP-11
Government of India,
Ministry of Communication & IT
Department of Telecommunications,
716, Sanchar Bhawan, New Delhi-110001
(LF-1 Branch)

Dated 28.12.2011
10-01-2012

To
The Pr. CCA/CCA/Jt. CCA
L. Madu Telecom circle
(L-F section)

Subject: Various doubts seeking clarifications in respect of Bank guarantees-Reg.

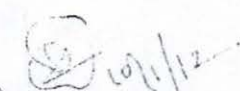
It is hereby informed that various doubts are being received in this office from various Pr. CCA/CCA/Jt. CCA offices in connection with Bank Guarantees. Clarifications are hereby furnished.

S.No.	Doubt	Clarification
1.	Whenever the licensee fails to renew the performance bank guarantee, whether CCA offices may invoke the bank guarantee?	As per the conditions laid down in license agreement, it is clearly mentioned that the bank guarantee may be invoked in case of failure of the licensee in renewing the same.
2.	Whenever the licensee furnished the bank guarantee from the bank other than a scheduled bank, whether it may be taken into account?	No, it should not be taken into account.
3.	Whenever the outstanding amount due from the licensee is more than the amount of bank guarantee available, what action to be taken by CCA office?	Review of amount of bank guarantee should have properly done to safeguard against this problem. The review work should be ensured regularly to avoid this type of problem. Bank Guarantee should be reviewed and enhanced as per license agreement.
4.	Whenever any Bank Guarantee has been submitted as PBG against Rollout obligations, whether it may be returned to the licensee if they completed the Rollout obligations?	Matter may be referred to licensing branch of Directorate (DS Cell of DOT HQ) for instructions.
5.	Whenever the licensee submitted PBG and failed to submit FBG, whether the CCA	Insist for submission of FBG as it is compulsory as per license agreement.

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	office may invoke the PBG available?	
6.	In case of invocation of Bank Guarantees whenever the licensee fails to renew the same, whether the encashed amount may be refunded to the licensee incase he submits a fresh BG later on without any break in the date of validity?	May be adjusted in future dues to be paid by the service provider.
7.	Whether to accept the BG with reduced amount submitted by the licensee in the light of recent interim order of Hon'ble TDSAT dated 09.08.2011 in the matter of M/s Systema Shyam Teleservices Ltd V/s UOI in pet. No : 314 of 2011?	Already instructions have been issued in respect of UASL of M/s Systema Shyam Teleservices Ltd vide letters no: 17-20/98/LF dt. 18.08.2011 and 26.08.2011.
8.	Any request from the licensee received by the CCA office asking for the reduction of the amount of Bank Guarantee, whether it may be accepted?	License conditions to be followed.
9.	Whenever any license renewed the BG with change of name, the action to be taken by the CCA concerned?	Unless Licensing Branch (DS Cell of HQ) communicates any change in the name of licensing company, the name should be as per License Agreement.
10.	Whenever the licensee submitted a fresh BG against the new license of change of category ("A" to B, "B" to C etc), whether to return the old BG?	Whenever the licensing branch issue the change of category, do as per licensing conditions in consultation with DS Cell of DOT (HQ).

This issues with the approval of DDG (LF-I).


Accounts officer (LF-XI)
Tele. No. 23036853.

No. 13-32/LF-I(ISP-IT)2009/Part
Ministry of Communication & IT
Department of Telecommunications,
LF-I branch
717, Sanchar Bhawan New Delhi-110001

Dated: 27.02.2012

To
The Pr.CCA / CCA / Jt.CCA
.....

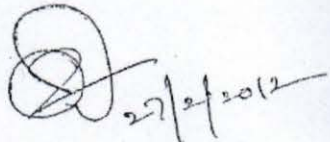
Sub : Various Doubts seeking clarifications -- reg.

It is hereby informed that various doubts are being received in this office from various Pr.CCA/CCA/Jt.CCA offices and clarification are hereby furnished :

Sl No	Doubt	Clarification
(i)	When licensee is claiming deduction for the amount they had paid to some other operators in the form of service tax for hiring broad band services	Service tax paid to any other entity than Govt, does not qualify for deductions as per license agreement
(ii)	Whether un-reconciled difference if any is to be included in revenue to AGR statement as revenue.	It should be included in AGR.
(iii)	Installation charges were shown in P&L account but not taken in AGR statement as revenue.	The same should be added back to arrive correct AGR.
(iv)	Whenever the licensee fails to submit the statement of revenue and license fee regularly and no response is received from the licensee against the demand note raised for assessment, the action to be taken by the CCA office may be intimated.	FBG may be encashed as per the conditions laid down in the license agreement and action may be initiated for cancellation of license agreement with the concerned Licensing Branch of DoT HQ
(v)	Whenever licensee fails to pay license fee despite of several demand notes and frequent reminders by CCA offices, action to be taken by the CCA concerned.	----- DO-----
(vi)	Any request received from licensee for waiver of interest on delayed payments, penalty and interest on penalty etc, what action to be taken by the CCA.	May be rejected since there is no such provision in the license agreement.
(vii)	Any application for surrendering/cancellation are received, what action to be taken by CCA offices?	May be referred to the DS/ CS cell of DoT (HQ) with a copy to LF-I.
(viii)	If licensee fails to commission the applicable systems within 24 months from	Report the matter to DS/ CS cell of DoT (HQ).

	effective dates of the license (clause '8', delivery service of the license agreement), what action to be taken ?	
(ix)	In respect of 'VSAT' when the license fee is being paid at HQ, for confirmation of the credit particulars, what action to be taken by the CCA office ?	Any proof of payment of license fee may be obtained from the licensee in respect of payment pertaining to pre-decentralization period. DoT(HQ) does not accept any payment now, as the collection of LF has already been decentralized to CCAs.
(x)	Whether assessment has to be made for one area of all when the license agreement consists of all areas and the assessment is being received for all areas.	License fee assessment will be done by the designated CCA for assessment.
(xi)	Whether any licensing /financing sections of any license have been transferred to another CCA office from the existing one, the guidelines regarding maintenance of BGs collection of spectrum/LF and assessment procedure may be intimated.	Necessary instructions have already been issued vide letter No. 1-6/2001/LF(Vol.II) dated 24-9-2008.
(xii)	Whenever any operator has started operations and no particulars i.e. license agreement particulars are not received by CCA office, what action to be taken by the concerned CCA.	May be confirmed from DS/ CS cell of DoT(HQ).
(xiii)	Whenever any licensee is paying the license fee to another CCA office and the BGs etc are being maintained here, whether to transfer all of them to that CCA or not ?	May be forwarded to DoT (HQ) LF-I branch.
(xiv)	Asking for the files related to the LF for the years prior to the decentralization.	All the files related to the license have already been transferred to the concerned CCAs. In cases of non-availability of particulars in CCA office, the same may be referred to DoT (HQ) for clarification.

This issues with the approval of competent authority.


27/2/2012
Accounts Officer (LF-XI)



No.1-28/2006/LF
Department of Telecom
(Licensing Finance Branch)

To
All Pr. CCAs/ CCAs/ Jt. CCAs
Department of Telecom

dated 15.03.2012

Sub: Revenue treatment to Intra-circle roaming charges

It has been noticed that Intra-circle roaming charges are being disallowed by the offices of the Pr. CCA/CCA in some of the circles.

In this context, a copy of letter issued by ADG (VAS-I) addressed to the Secretary, TRAI, New Delhi is enclosed herewith for ready reference. As mentioned in the letter, intra circle roaming charges come under the definition of Adjusted Gross Revenue as contained in the clause 19.2 of the UAS License Agreement which reads as roaming revenue actually passed on to other eligible/entitled telecommunication service providers shall be excluded from the Gross Revenue to arrive at the AGR.

As such the same may be allowed as deductions.



(Amit Katoch)

Director (LF-III)

Government of India
Ministry of Communications & Information Technology
Department of Telecommunications
(LF-II Section)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110 001.

No. 6-2/2008/LF - II/Pt.

Dated, the 09.04.2012

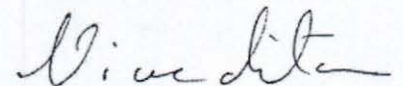
To,

All Pr. C's CA / C'sCA.

Sub: Posting of GR / AGR data for the year 2011-12 in the DoT LF Software.

This office is in the process of finalizing for submission of TC Memo for the year 2011-12 for the information, review and further direction of Telecom Commission. While verifying the posting of Actual Unaudited GR / AGR figures of all the circles for the year 2011-12, it is observed that some circles have not completed the posting of data in respect of the 4th quarter in the DoT LF software. The GR / AGR data is required for incorporation in the TC Memo. It is, therefore, requested to kindly get complete the posting of Actual Unaudited GR / AGR figures before 23.04.2012. Further, LF collections if any pending for posting in respect of any licensees is also completed.

It is also observed that some circles are yet to complete the posting of Audited figures of GR and AGR in the LF software for the year 2010-11. It is also requested that posting of Audited GR / AGR data for the year 2011-12 may also be got completed. The monthly LF collection statement of March, 2012 may also arrange to be sent at the earliest.



(Nivedita Srivastava)
Director (LF-II)
Tel: 011-2303 6120

dc



No.20-281/2010-AS-I (Vol-II) (Pt.)
 Government of India
 Ministry of Communications & IT
 Department of Telecommunications
 (Access Services-I Division)
 1203, Sanchar Bhavan, Ashok Road, New Delhi-110001

June 25, 2012

To

All Unified Access Services (UAS) Licensees,
 All Cellular Mobile Telephone Service (CMTS) Licensees,
 M/s Bharat Sanchar Nigam Limited and
 M/s Mahanagar Telephone Nigam Limited

Subject: Amendment(s) of UAS/ CMTS/ Basic Service Licence Agreement(s) with respect to Annual Licence Fee- Regarding.

In pursuance of the right of Licensor to modify at any time the terms and conditions of the UAS/ CMTS/ Basic Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

- (i) A uniform annual licence fee rate of 8% of Adjusted Gross Revenue (AGR) shall be adopted across all categories of service areas (i.e. 'Metro', 'A', 'B' and 'C' categories) of UAS/ CMTS/ Basic Service licences in two steps starting from 01.07.2012 as follows:

Category of UAS/ CMTS/ BASIC Service Licence	Annual Licence Fee rate as % 'AGR'	
	For period from 01.07.2012 to 31.03.2013	For year 2013-14 and onwards
Metro/Category 'A'	0%	8%
Category 'B'	8%	8%
Category 'C'	7%	8%

- (ii) Further, w.e.f. 01.07.2012, the annual licence fee and annual spectrum usage charges payable by each UAS/ CMTS/ Basic Service licensee shall be on actual 'AGR', subject to a minimum presumptive AGR, which shall be announced by the Licensor every year separately after considering the recommendations of the TRAI which shall review the figure of minimum presumptive AGR every year.
2. Necessary amendment(s) of respective UAS/ CMTS/ Basic Service Licence Agreement(s) to above effect will be issued in due course of time.
3. Please acknowledge receipt.

Manish Jain
 25.06.2012
 (Manish Jain)
 ADG (AS-I)

For and on behalf of the President of India
 Ph: 2303-6574

No. 10-54/2010-CS-III
 Government of India
 Ministry of Communications & IT
 Department of Telecommunications
 Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
 (Carrier Services - III Division)

28th June 2012

To

All ILD Service Licensees,


**Subject: Amendment of ILD Service Licence Agreement with respect to
 Annual Licence Fee- Reg**

In pursuance of the right of Licensor to modify at any time the terms and conditions of the ILD Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for ILD Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
<i>ILD Service License</i>	7%	8%

2. Necessary amendment of ILD Service Licence Agreement to above effect will be issued in due course of time.
3. Please acknowledge receipt.


 28.6.2012
 (S.T. Abbas)

Director (CS-III)

For and on behalf of the President of India

Ph: 011-23722444

Copy To:

1. Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
2. Director General, P&T Audit
3. Secretary, Ministry of Finance
4. Secretary, TRAI
5. Director (IT) may kindly arrange to upload this letter on DoT's website.

No. 10-54/2010-CS-III
Government of India
Ministry of Communications & IT
Department of Telecommunications
Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
(Carrier Services - III Division)

28th June 2012

To
All NLD Service Licensees,


Subject: Amendment of NLD Service Licence Agreement with respect to
Annual Licence Fee- Reg

In pursuance of the right of Licensor to modify at any time the terms and conditions of the NLD Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for NLD Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
<i>NLD Service License</i>	7%	8%

2. Necessary amendment of NLD Service Licence Agreement to above effect will be issued in due course of time.
3. Please acknowledge receipt.


 28.6.2012
 (S.T. Abbas)
 Director (CS-III)

For and on behalf of the President of India
Ph: 011-23722444

Copy To:

1. Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
2. Director General, P&T Audit
3. Secretary, Ministry of Finance
4. Secretary, TRAI
5. Director (IT) may kindly arrange to upload this letter on DoT's website.

No. 10-54/2010-CS-III
Government of India
Ministry of Communications & IT
Department of Telecommunications
Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
(Carrier Services - III Division)

28th June 2012

To
All IP-II Service Licensees,

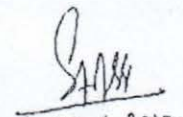
**Subject: Amendment of IP-II Service Licence Agreement with respect to
Annual Licence Fee- Reg**

In pursuance of the right of Licensor to modify at any time the terms and conditions of the IP-II Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for IP-II Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
<i>IP-II Service License</i>	7%	8%

2. Necessary amendment of IP-II Service Licence Agreement to above effect will be issued in due course of time.
3. Please acknowledge receipt.


28.6.2012

(S.T. Abbas)
Director (CS-III)

For and on behalf of the President of India
Ph: 011-23722444

Copy To:

1. Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
2. Director General, P&T Audit
3. Secretary, Ministry of Finance
4. Secretary, TRAI
5. Director (IT) may kindly arrange to upload this letter on DoT's website.

No. 800-53/2009-CS-I
 Government of India
 Ministry of Communications & IT
 Department of Telecommunications
 Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
 (Carrier Services - I Division)

28th June 2012

To

All GMPCS Service Licensees,

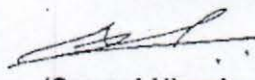
Subject: Amendment of GMPCS Service Licence Agreement with respect to
 Annual Licence Fee- Regarding

In pursuance of the right of Licensor to modify at any time the terms and conditions of the GMPCS Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for GMPCS Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
GMPCS Service Licence	9%	8%

2. Necessary amendment of GMPCS Service Licence Agreement to above effect will be issued in due course of time.
3. Please acknowledge receipt.


 (Suneel Niraniyan)
 Director (CS-I)

For and on behalf of the President of India
 Ph: 011-23722444

Copy To:

1. Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
2. Director General, P&T Audit
3. Secretary, Ministry of Finance
4. Secretary, TRAI
- ✓ 5. Director (IT) may kindly arrange to upload this letter on DoT's website.

No. 311-80/2009-CS-I (Vol-V)
 Government of India
 Ministry of Communications & IT
 Department of Telecommunications
 Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
 (Carrier Services - I Division)

28th June 2012

To

All PMRTS Service Licensees,


Subject: Amendment of PMRTS Service Licence Agreement with respect to Annual Licence Fee- Regarding

In pursuance of the right of Licensor to modify at any time the terms and conditions of the PMRTS Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for PMRTS Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
PMRTS Service License	7%	8%

- Necessary amendment of PMRTS Service Licence Agreement to above effect will be issued in due course of time.
- Please acknowledge receipt.


 (Suneel Niraniyan)
 Director (CS-I)

28.6.2012

For and on behalf of the President of India
 Ph: 011-23722444

Copy To:

- Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
- Director General, P&T Audit
- Secretary, Ministry of Finance
- Secretary, TRAI

5. Director (IT) may kindly arrange to upload this letter on DoT's website.

No. 10-54/2010-CS-III
 Government of India
 Ministry of Communications & IT
 Department of Telecommunications
 Sanchar Bhawan, 20 - Ashok Road, New Delhi-110001
 (Carrier Services - III Division)

28th June 2012

To

All Resale of IPLC Service Licensees,

Subject: Amendment of Resale of IPLC Service Licence Agreement with respect to Annual Licence Fee- Reg

In pursuance of the right of Licensor to modify at any time the terms and conditions of the Resale of IPLC Service LICENCE, in public interest or for the proper conduct of the SERVICE, the LICENSOR hereby intimate that:

A uniform annual licence fee rate of 8% of 'Adjusted Gross Revenue (AGR)' shall be adopted for Resale of IPLC Service licence in two steps starting from 01.07.2012 as follows:

Category of Licence	Annual Licence Fee rate as % 'AGR'	
	For Period from 1 st July 2012 to 31 st March 2013	For the Year 2013-14 and onwards
Resale of IPLC Service License	7%	8%

2. Necessary amendment of Resale of IPLC Service Licence Agreement to above effect will be issued in due course of time.
3. Please acknowledge receipt.


 28.6.2012
 (S.T. Abbas)

Director (CS-III)

For and on behalf of the President of India

Ph: 011-23722444

Copy To:

1. Sr. DDG(AS)/ DDG(DS)/ DDG(Security-Term)/DDG(LF-I)/DDG(LF-II)
2. Director General, P&T Audit
3. Secretary, Ministry of Finance
4. Secretary, TRAI

Government of India
Ministry of Communications and IT
Department of Telecommunications
Sanchar Bhawan, 20- Ashoka Road,
New Delhi-110117
(DS- Cell)

No. 815-66/Amendment/2012-DS(Pt.)

Dated: 29.06.2012

To
All Commercial VSAT licensees
&
All MSS-R Licensees

Subject: Amendment with respect to Licence Fee (LF)-regd

In pursuance of the right of Licensor to modify at any time the terms and conditions of the Licence Agreement for provision of VSAT Services, in public interest or for the proper conduct of the service, the Licensor hereby intimates that:

A uniform licence fee rate of 8% of "Adjusted Gross Revenue (AGR)" shall be adopted for all commercial VSAT and MSS-R licences, in two steps starting from 01.07.2012 as follows:

Category of licence	Details	Annual Licence Fee rate as %AGR	
		For the period from 01.07.2012 to 31.03.2013	For year 2013-14 and onwards
Commercial VSAT	Licence for provisioning of VSAT Services	7%	8%
MSS-R	Licence for provisioning of INSAT MSS-R Services	7%	8%

2. Necessary amendment(s) to the Licence Agreement(s) to above effect will be issued in due course of time.
3. Please acknowledge receipt.

R. S. Rajput
29.06.2012
(R. S. Rajput)
ADG(SAT-V)

Copy to:

1. Secretary TRAI, New Delhi
2. Sr. DDG(AS)/DDG(CS)/DDG(Security-TERM)/ Sr. DDG WPF/ DDG (LF-1/II)/WA /DOT
- ✓ 3. Director (IT) for uploading on the DOT Site
4. VSPA I
5. DG P&T Audit
6. Secy...., MOF

35/27/12
29/6/12

Government of India
Ministry of Communications and IT
Department of Telecommunications
(Data Services Wing)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110117

No. 820-01/2006-LR (Vol-II)Pt.

To,

All Internet Service Providers (ISPs)

Dated : 29.06.2012

Subject: Amendment with respect to Licence Fee (LF)-regarding

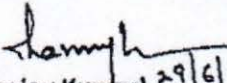
In pursuance of the right of Licensor to modify at any time the terms and conditions of the License Agreement for provision of Internet Services, in public interest or for the proper conduct of the service, the Licensor hereby intimates that:

A uniform licence fee rate of 8% of "Adjusted Gross Revenue (AGR)" shall be adopted for all ISP and ISP-IT licences, in two steps starting from 01.07.2012 as follows:

Category of licence	Details	Annual Licence Fee rate as % of AGR	
		For the period from 01.07.2012 to 31.03.2013	For year 2013-14 and onwards
ISP	Licence for provisioning of Internet services issued under 1998 guidelines (without Internet Telephony)	4%	8%
ISP-IT	Licence for provisioning of Internet services (including Internet Telephony) issued under 2002 guidelines, Licence for provisioning of Internet services issued under 24.08.2007 guidelines	7%	8%

Shamsh 29/6/12

2. Revenue for the purpose of licence fee for ISP Category shall provisionally include all types of revenue from Internet services, allowing only those deductions available for pass through charges and taxes/levies as in the case of access services, without any set-off for expenses. Revenues from Internet services will also be included in the definition of applicable AGR provisionally for ISP-IT category till government takes a final decision after obtaining TRAI recommendations in this regard.
3. Necessary amendment(s) to the Licence Agreement(s) to above effect will be issued in due course of time.
4. Please acknowledge receipt.


(Sanjay Kumar) 29/6/1
ADG(ISP-I)

Copy to:

1. Secretary TRAI, New Delhi
2. Sr. DDG(AS)/DDG(CS)/DDG(Security-TERM)/ Sr. DDG WPF/ DDG (LF-I/II)/WA /DOT
- ✓ 3. Director (IT) for uploading on the DOT Site
4. ISPAI
5. DG P&T Audit
6. Secy....., MOF

No. 1000-56/2004-WFD
Ministry of Communication & IT
Department of Telecommunication
Sanchar Bhawan, New Delhi-110001
(WPT Wing)

Dated: 09.08.2012

To
Pr.CCA/CCA
All Circle

Sub:- Returns for collection of spectrum charges.

The work of collection of Spectrum Charges for GSM and CDMA services was decentralized to the office of the CCA. To monitor the collection of spectrum charges, a report was introduced vide dot letter No. WFD/1012/9/2004-05 dated 17.10.2006. Thereafter some modifications in the prescribed collection report were made vide DoT letter no. 1000-56/2004-WFD dated 16.03.2011 and two more reports were prescribed. At present following reports are being submitted by the CCAs.

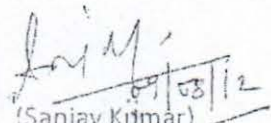
- i. Collection Report for spectrum Charges.
- ii. Monthly reconciliation report for Collection for spectrum Charges.
- iii. Mismatch Report for quantum of spectrum and rates applicable there on.

2. In order to reduce the paper work and to avoid the wastage of manpower, online collection module and online AGR Module for spectrum charges have been developed for entering the data in the said modules directly by the office of the CCAs. Now both the modules are operative.

3. In view of the above, all the above reports and returns are hereby discontinued with immediate effect. The information/ report will be sent to HQ as and when required.

4. Since this online collection and AGR data will be used in DoT Hqr for all purpose, the correctness of data may be ensured by the concerned *Head of the Circle*. The monthly collection figures available in online module should be reconciled with the compilation of TA wing of DoT.

5. Any discrepancy/issue required to be brought to the notice of DoT Hqr, may be addressed immediately.


(Sanjay Kumar)
Director(WR)
Ph. 23036770

1-13/2012/LF Rates/LF-II
 (Licence Finance Wing)
 Department of Telecommunications
 Sanchar Bhavan, 20 Ashoka Road, New Delhi- 110 001

KIND ATTN: - SH. Pradeep Dated: 30.10.2012
 Chaturvedi, A.C.A.O.

To

The CsCA/Pr. CsCA
 (All concerned)

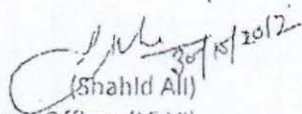
Subject: Amendment of LF rate in respect of ISP & ISP-IT

Reference: Letter No. 820-01/2006-LR (Vol.II) Pt, issued by DS Branch on 29.06.2012, and circulated by LF Branch vide letter No. 1-13/2012/LF Rates/LF-II dated 13.08.2012.

Sir,

Please refer to this Office letter of even number dated 13.08.2012 inter alia enclosing the aforesaid reference whereby definition of GR/AR for ISP_IT licenses was modified along with increase in rate of Licence Fee from 6% to 7%/8% of AGR w.e.f. 01.07.2012 and 01.04.2013 respectively. The TDSAT In Petition No. 429/2012 and MA NO. 310/2012 (available on TDSAT website) has held that Para 2 of the aforesaid reference can not be sustained.

2. As a consequence, change in the definition of GR/AGR stands set aside and ISP-IT licensee shall continue to pay LF as per the earlier definition till further orders. However, the new rate as contemplated in the aforesaid reference will be applicable w.e.f. 01/07/2012 (7%) and 01/04/2013(8%).
3. Accordingly, you are requested to review the payments received and submit a status report within a week's time positively.


 (Shahid Ali)
 Account Officer (LF VI)
 Tel No: 22036257

120
84
1-28/2006/LF-II
Department of Telecom
Licensing Finance Branch

Dated the 1st Nov., 2012

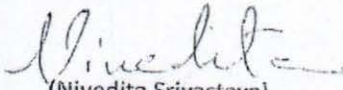
To

All Principal CsCA/CsCA
Department of Telecom

Subject : Verification of deductions claimed from the gross revenue –
Procedure thereof.

1. It has been observed that while verifying proof of deductions claimed by the licensees :-
 - (a) Pr. CsCA/CsCCAs are not providing the licensees, details of disallowed deductions along with reasons thereof ;
 - (b) Consequent to above the Licensees are not having any opportunity to respond and make submissions ;
2. In view of above, the following instructions are issued regarding verification of deductions :-
 - (a) The Licensee is to be intimated about the deductions disallowed along with reasons thereof.
 - (b) The Licensee may be given 15 days' time for giving a Representation, if any, to the CsCA for the allowance/disallowance of the deductions.
 - (c) A copy of the Order communicating the final allowance/disallowance should be conveyed to the Licensee along with the reasons thereof.

This issues with the approval of competent authority.


(Nivedita Srivastava)
Director (LF.II)

Without Prejudice

No. 1-28/2006/LF – II (Part II)
Government of India
Ministry of Communication & IT
Department of Telecommunications
License Finance Branch
717, Sanchar Bhawan, 20, Ashoka Road, New Delhi-01

Dated : 08.01. 2013

To

All Telecom Service Providers

Subject: Providing Operator-wise details of IUC/Pass through charges receivable/ actually paid to other operators in the audited statement of Revenue and Licence Fee (Annexure-II to UAS Licence Agreement)

It has been observed that most of the Telecom Service Providers are not submitting the unaudited/Audited quarterly statements of Revenue and Licence Fee in the prescribed amended Proforma as circulated vide this office letter No. 800-56/2008-AS.P-II dated 29.08.2008.

All the Telecom Service Providers are hereby directed to submit the quarterly statement of revenue and Licence Fee (Unaudited/Audited) in the prescribed Proforma.

They are also directed to provide the operator-wise details of revenue on account of Pass Through charges receivable from other operator and also operator-wise details of Pass through Charges actually paid to other operators in the appropriate columns provided in the Statement of Revenue and Licence Fee.


8.1.13
Amit Katoch
Director (LF-III)

Copy to:

All Pr.CsCA/CsCA/Jt.CsCA, Department of Telecommunications.

DEPARTMENT OF TELECOMMUNICATIONS
 SANCHAR BHAWAN
 NEW DELHI - 110 001
 (TA-I SECTION)

79

Sub: Transfer of work relating to CAF & EMR penalty imposition - reg

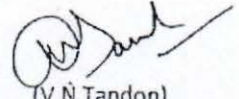
Accounting instructions relating to imposition of penalty in respect of CAF verification were issued by this section with the approval of competent authority. The procedure includes encashment of FBG, pending payment of penalty imposed and revising FBG accordingly.

2. In the above context, this section received references from CCA offices involving definite interpretation of License conditions, the subject matter not dealt by TA section.

3. In view of the above, the matter was put up for competent authority's approval for transfer of work to LF-II Section, involving imposition of penalties in respect of EMR and CAF verification, monitoring of penalty receipt / revocation of FBGs etc. Approval was accorded by the competent authority for transfer of above mentioned work to LF-II Section, DoT HQrs.

4. The files pertaining to the work mentioned above, are hereby transferred / forwarded, as per list enclosed, for further necessary action.

Encls: As stated



(V N Tandon)
 Director (Accounts-I)
 Tele:23036511

DDG(LF-II) - for information and necessary action w.r.t. note 48/N (copy enclosed)
 DOT HQrs
 Sanchar Bhawan
 New Delhi - 110 001

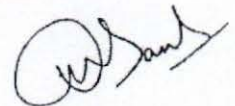
U.O. No.7-1/TA-I/CAF/2012/Vol-I | Dated 19 March 2013

1125-1149

Copy to:

All Heads of Pr.CCA / CCA offices

- with a request to make further correspondence relating to above work with LF-II Section of DoT HQrs



(V N Tandon)
 Director (Accounts-I)
 Tele:23036511

Sl.No.	File No.	Remarks
01	7-1/TA-I/CAF/2012/Vol-I	
02	7-1/TA-I/CAF/2012/Vol-II	
03	7-1/TA-I/CAF/2012/Vol-III	
04	7-1/2011/TA-I	
05	7-1/TA-I/CAF/A&N/2013	
06	7-1/TA-I/CAF/AP/2013	
07	7-1/TA-I/CAF/Assam/2013	
08	7-1/TA-I/CAF/Bihar/2013	
09	7-1/TA-I/CAF/Chhattisgarh/2013	
10	7-1/TA-I/CAF/Delhi/2013	
11	7-1/TA-I/CAF/Gujarat/2013	
12	7-1/TA-I/CAF/Haryana/2013	
13	7-1/TA-I/CAF/HP/2013	
14	7-1/TA-I/CAF/J&K/2013	
15	7-1/TA-I/CAF/Jharkhand/2013	
16	7-1/TA-I/CAF/Karnataka/2013	
17	7-1/TA-I/CAF/Kerala/2013	
18	7-1/TA-I/CAF/Kolkata phones/2013	
19	7-1/TA-I/CAF/MP/2013	
20	7-1/TA-I/CAF/Maharashtra/2013	
21	7-1/TA-I/CAF/North East-I/2013	
22	7-1/TA-I/CAF/Orissa/2013	
23	7-1/TA-I/CAF/Punjab/2013	
24	7-1/TA-I/CAF/Rajasthan/2013	
25	7-1/TA-I/CAF/Tamil Nadu/2013	
26	7-1/TA-I/CAF/UP(East)/2013	
27	7-1/TA-I/CAF/UP(West)/2013	
28	7-1/TA-I/CAF/Uttarakhand/2013	
29	7-1/TA-I/CAF/West Bengal/2013	

Government of India
Ministry of Communications & Information Technology
Department of Telecommunications
(LF-II Section)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110 001.

No. 6-2/2008/LF-II/Pt.

Dated, the 29.04.2013

To,

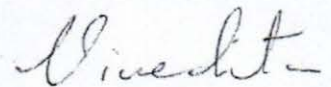
The Pr. C'sCA / C'sCA.

Sub: Updating / Posting of FBGs in DoT's LF Software.

This is in continuation of this office earlier instructions regarding updating / posting of FBGs in the DoT's LF Software. It is observed during checking / verification of FBGs posted by the circles in the LF software, that most of the circles have not updated the information. It is further noticed that the validity period of Bank Guarantees already expired are still exhibiting in the software, which requires to be deleted immediately. Wherever, renewal of Financial Bank Guarantee is required, it may be got renewed before its expiry and to ensure that no expired FBG is exhibited in the software. Hence, only the valid FBG should be seen in LF software.

In the absence of updated FBG information, the LF section is facing problem to furnish correct information as and when requisitioned by the Secretary / Member (Finance) etc. Therefore, it is again requested that the Financial Bank Guarantees may be got updated / posted in the LF software and expired FBGs deleted immediately.

This may be treated as **most urgent.**



(Nivedita Srivastava)
Director (LF-II)
Tel: 011-2303 6120
2371 7111



Without Prejudice

File No. 1-28/2006/LF-II
Government of India
Ministry of Communication & IT
Department of Telecommunications
License Finance Branch
717, Sanchar Bhawan, 20, Ashoka Road, New Delhi-110001

Dated: 02.05.2013

To

All ILD Licensees

Subject: Submission of documents in support of deductions claimed through quarterly Statements of Revenue and Licence Fee – ILD Licences.

As per para 36 of the Definition and Interpretations annexed to ILD Licence "ADJUSTED GROSS REVENUE" for the purpose of levying LICENCE Fee as a percentage of revenue shall mean the Gross Revenue as reduced by: **Call charges (access charges) actually paid to other telecom service providers** for carriage of calls, service tax for provision of service and sales tax actually paid to the Government, if gross revenue had included the component of service tax".

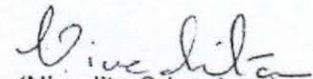
It may be noted that the prescribed format of Statement of Revenue and Licence Fee (Annexure – A to ILD Licence Agreement) provides for submission of operator-wise details of deductions on account of Call Charges (Access Charges) passed on to other service providers. It has been observed that the deductions claimed are not being supplemented with the proof of payment.

It has now been decided by the competent authority that for the financial years 2006-07 to 2012-13, Telecom Service Providers having ILD Licence are required to submit a certificate from the Statutory Auditor of the Licensee detailing the quarter-wise, operator-wise Call Charges (Access Charges) actually paid to other Telecom Service Providers during the year, supporting the deductions claimed. The certificate is to be submitted to the DoT (HQ)/office of the CCA concerned where the assessment of the Licence Fee is being carried out. (Annexure 'A' may be seen).

From the financial year 2013-14 onwards, all the Telecom Service Providers having ILD Licence are required to submit the proof of payment in support of deductions claimed through the quarterly Statement of Revenue and Licence Fee with the office of the CCA concerned where they are submitting the quarterly Licence Fee. (Annexure 'A' may be seen).

Failing to comply with the above directions, the entire amount of deductions claimed through the quarterly Statement of Revenue and Licence Fee will be disallowed.

Kindly acknowledge the receipt.


(Nivedita Srivastava)
Director (LF-II)

Copy to:

1. Pr.CsCA/CsCA concerned.
2. PS to Member (Finance), DoT.
3. PS to Member (T), DoT.

F. No. 31-01/2013-LF-I

Dated: 09-05-2013

OFFICE MEMORANDUM

Sub: Charging of Revenue from Non Telecom Business Activities.

References and clarifications were sought for by various CCA offices regarding admissibility of exemptions claimed by the licensees for the revenues accruing to licensee companies from non-telecom activities while calculating the Adjusted Gross Revenue (AGR) for the purpose of assessment of license fee.

2 In view of the order of the Hon'ble Supreme Court dated 11.10.2011 in CA No. 5059 of 2007, for the purpose of arriving at Adjusted Gross Revenue (AGR) of the licensee company, only the deductions as indicated in the license agreement are allowed.

3. This supersedes any order/clarification issued earlier in this matter.

4. This issues with the approval of competent authority.

Kalpana Singh
(Kalpana Singh)
Director (LF-IV)
Ph.23372640

CCA
SM To,

1. All Pr. CCA/CCA of Telecom circles
2. Sr. PPS to Ch(TC), Member (F), Member (T), Member (S)
3. Sr.DDG/DDG WPF, AS, CS, DS, LF-II
4. Guard File.

Rev

300/Rev/2013
24.05

15 MAY 2013

1045

File No. 1-28/2006/LF-II
Government of India
Ministry of Communication & Information Technology
Department of Telecommunications
License Finance Branch
Sanchar Bhawan, 20, Ashoka Road, New Delhi-11001

Dated: 15.05.2013

To

All Pr.CsCA/CsCA

Subject: Submission of documents in support of deductions claimed through quarterly Statements of Revenue and Licence Fee.

On the basis of deduction verification reports submitted by the offices of the Pr.CCA/CCA, LF section carries out the assessment of Licence Fee dues. While issuing the Demand cum Show Cause Notice to the Licensees, directions were issued to submit their representation, if any, within 15 days from the date of issue of the Demand cum Show Cause Notice.

On the issue relating to amounts disallowed on account of deduction verifications, some of the CCA offices have sought clarifications (i) whether any further time sought by the Licensees for submission of additional documents/clarifications may be allowed to them or not, (ii) Whether any re-verification is to be carried out on the basis of additional documents/clarifications submitted by the Licensees and (iii) Whether the details alongwith reasons of disallowance are to be communicated to the Licensee.

In this regard, it is intimated that in case, any Licensee seeks extension of time for submission of documents/clarification for which no details of deductions disallowed/opportunity was given to the Licensee, the extension of time may be granted to them. The period of such extension of time may be decided by the Pr.CCA/CCA concerned on the facts and circumstances of the case.

Similarly in case where no details of deductions disallowed/opportunity was given to Licensee, additional documents/clarifications submitted by the Licensees may be examined and revised report, if any, may be submitted to the DoT (HQ) along with reasons of disallowance. Amounts disallowed and reasons for disallowance may also be intimated to the Licensee concerned.

15/5/13
(Amit Katoch)
Director (LF-III)

1029

File No. 1-28/2006/LF-II
Government of India
Ministry of Communication & IT
Department of Telecommunications
License Finance Branch
717, Sanchar Bhawan, 20, Ashoka Road, New Delhi-01

Dated : 24.06.2013

To

All Telecom Service Providers

Subject: Submission of documents in support of deductions claimed through quarterly Statements of Revenue and Licence Fee.

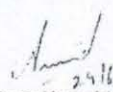
Reference. This office letters of even number dated 20.09.2006, 01.07.2008, 16.07.2008, 13.08.2010 and 30.11.2011.

This is with reference to the submission of documents in support of deductions claimed through quarterly Statements of Revenue and Licence Fee. CCA offices have reported that the operators are not submitting in time the required documents as proof of payment of deductions claimed through quarterly statements of Revenue and Licence Fee.

In order to streamline the process of deduction verification by the CCA offices, all the Telecom Service Providers are directed to submit the required documents (Quarter-wise) within 15 days from the date of submission of quarterly Licence Fee alongwith Statement of Revenue and Licence Fee and finally additional documents (if there is any difference in deductions claimed in audited AGR) within one month from the date of submission of Audited (Quarter-wise) Statements of Revenue and Licence Fee.

Failing to comply with the above directions, the entire amount of deductions claimed through the quarterly Statement of Revenue and Licence Fee will be disallowed.

Kindly acknowledge the receipt.


24/6/13
(Amit Katoch)
Director (LF-III)

Copy for information to:

All Pr.CsCA/CsCA/Jt.CsCA, Department of Telecom

No.1-28/2006/LF-II (Part.II)
Government of India
Ministry of Communications and Information Technology
Department of Telecommunications
Sanchar Bhawan, 20-Ashoka Road, New Delhi – 110001

Dated:28.06.2013

Subject: Clarifications on Deduction Verification – Queries raised by CCA offices.

Kindly refer to various queries raised by CCA offices from time to time relating to Deduction Verification claimed by the Telecom Service Providers through the quarterly Statements of Revenue and Licence Fee. The queries were also discussed in the Workshop on Deduction Verification held on 10.01.2013 and 11.01.2013. The queries have been examined at DoT (HQ) and the following clarifications are issued for guidance:-

Query 1:

- Licensees have submitted additional documents, which resulted in reopening of old cases for which verification reports have already been sent to DoT (HQ). A cut off date may be prescribed for submission of documents on quarterly basis. Further submission of documents should either be rejected or should involve some penalty or processing fee.

Clarification:

Please refer to clarification no 1-28/2006/LF-II dated 15.05.2013. Copy enclosed.

Query 2:

- None of the operators are providing details of operator-wise pass through charges in their financial statements. If this is required to be carried out, DoT (HQ) may issue necessary orders to TSPs mandating the same.

Clarification:

The condition no 20.7 of the UASL Agreement makes it mandatory for the licensee to prepare their annual Financial Statements in accordance with the norms prescribed in Annexure II. Additionally direction to Licensees have been issued vide letter No.1-28/2006/LF (Part II) dated 08.01.2013 (Copy enclosed). CCAs may reiterate and insist upon compliance of the Agreement Conditions and other directions issued by this office/CCAs on behalf of DoT.

**Query 3:**

- Whether IUC charges/ADC payable to other operators pertaining to previous years claimed as deductions in subsequent years qualify for deductions in the FY in which the amount has been claimed, subject to availability of proof of payment. How to verify deductions claimed for ADC paid to BSNL by the operators

Clarification:

ADC is applicable upto 2007-08, IUC/ADC Deductions may be allowed in the quarter/year in which the payment has been actually made and deductions claimed, subject to production of proof of payment.

Query 4:

- Whether deductions can be allowed in the absence of documentary proof for older period i.e. prior to FY 2010-11.

Clarification:

Licensee has to satisfy the verifying and assessing authority about the veracity of the deduction with documentary proof. Without verification of the documentary proof, question of allowing deductions by CCAs does not arise.

Query 5:

- Operators have shown inability to provide Bank Statements or any other authentic documents for older period. Whether deductions can be allowed in the absence of documentary proof of older period i.e. prior to 2010-11.

Clarification:

No. Instructions issued to the operators by the CCA offices as well as DoT (HQ) vide letter No.1-27/2005/LF dated 01.07.2008 and 1-28/2006/LF dated 13.08.2010 (Copies enclosed) are hereby reiterated. Letter No. 1-28/2006/LF dated 30.11.2011 (Copy enclosed) issued to the Licensees regarding submission of proof of payment during the period when the appeal was pending before the Hon'ble Supreme Court of India may also be reiterated.

Query 6:

- Whether Service Tax is applicable in intra-company transactions. Operators are not charging Service Tax in case of intra-company/Service Area transactions. Whether non-charging of Service Tax in intra-company transactions by the operators is justified/acceptable or otherwise.

Clarification:

Applicability of Service Tax in intra-company or inter company transaction is a concern of the Company or the Service Tax authorities. In terms of the License Agreement, Service Tax, if included in the Gross Revenue is to be allowed as deduction to the extent actually paid to the Government.

Query 7:

- Some operators are submitting copies of the challans for payment of Service Tax paid to the Govt. and balance is adjusted through input credit availed during the year. Whether such arrangement is permissible or not.

Clarification:

If the extant provisions of the Service Tax/Sales Tax permit the licensee company to avail CENVAT Credit against the Service Tax/Sales Tax dues payable by the licensee then the Service Tax/Sales Tax paid will include such credits availed. The claim of such deductions will be admissible subject to proof of payments/adjustments including Service Tax/Excise Return submitted to appropriate Tax Authorities. Clarification already issued at Sl. No. 6 of letter No.1-28/2006/LF dated 05.07.2007.

Query 8:

- What are the documentary proofs required in case of deductions claimed for intra-company adjustments by the operators.

Clarification:

Clarifications issued vide letter No.1-28/2006/LF dated 05.07.2007⁽¹³⁾ may be referred. Further, documents required as proof of adjustment could be the extract of the ledger statement of adjustment on quarterly basis duly signed by the Authorised signatory of the Licensee and at the end of the year account statements duly certified by the Statutory Auditor of the Licensee.

Query 9:

- What steps to be taken in case new terminology/technology specified by the operators for claiming IUC?

Clarification:

In case of any doubt, clarification giving full details may be sought from DoT (HQ). However the guiding principle is to ascertain the substance of the transaction and not the nomenclature/terminology/label.

Query 10:

- Whether computerized Bank Statement such as net banking/NEFT/RTGS statements provided/submitted by the operator, duly signed by its authorised signatory is acceptable.

Clarification:

Bank statements whether issued by bank or downloaded from the Bank's website bearing Bank's logo, it has to be signed by the authorised signatory of the Licensee Company.

Query 11:

- How to verify payments made by/to the Group Companies (inter company).

Clarification:

Onus of proving the veracity of such payments lies with the Licensee. Although the companies may belong to same group, they are nevertheless separate legal entities. The existing orders shall apply to them without any special dispensation.

Query 12:

- With reference to item No. 8 of the letter No. 1-28/2006/LF dated 05.07.2007, which documents are required to verify adjustment of payment & receipt being net receivable for the operator? And from which quarter/date the benefit of revenue receipt is to be given to the operator.

Clarification:

Supply of documents for claiming deductions is the responsibility of the Licensee. Benefit of deduction is to be given in the quarter in which the net payment is received by the operator/other operator. Further this shall be accepted with a certification as mentioned in prescribed proforma at Annexure 'A' from the concerned Statutory Auditors. The aforesaid certification can also be called for in case of doubt, for past cases.

Query 13:

- What action is to be taken when an operator seeks deductions for Sales Tax and Service Tax paid to Govt. of India?

Clarification:

As per Clause 19.2 (iii) of the UAS Licence Agreement, deductions of Service Tax and Sales Tax are admissible when Service Tax and Sales Tax actually paid to the Government, if gross revenue had included as component of Sales Tax and Service Tax. Accordingly when deductions on this account has been claimed it may be checked whether the amount claimed has been included in the Revenue of the Licensee Company or not, if not, deductions may not be allowed.

Query 14:

- Whether CCA offices can raise demand in case of shortfall in licence fee deposited, after verification of quarterly deduction claims.

Clarification:

No. Demand may not be raised by the CCAs at their level on account of shortfall of licence fee on account of Deduction verification till it is delegated to them. However, they would promptly bring it to the notice of LF-II branch of DoT (HQ) in writing giving full details.

Query 15:

- Whether CCA offices can raise demand on shortfall in Licence Fee paid on self assessment basis as per quarterly AGR.

Clarification:

In cases where there is a shortfall in the actual payment vis-à-vis the amount payable as per the quarterly AGR statement, the Licensee may be asked immediately to explain the reason thereof and to make good the shortfall alongwith interest, if applicable.

**Query 16:**

- Though there is a time limit prescribed for operators to submit monthly as well as annual statements, Licensees are not submitting in time the prescribed documents alongwith Quarterly statement of Revenue and Licence Fee, which is the main reason for delay in verification of deduction work. To avoid above situation and to enable finalization of deduction well in time, it is suggested that a specific time limit be prescribed, after which no further documents are to be entertained for verification of deductions.

Clarification:

Instructions to all the Licensees have been issued to submit the documents required for verification of deductions to the office of the CsCA. Licensee have been directed to submit the documents (Quarter-wise) within 15 days from the date of submission of quarterly Licence Fee alongwith Statement of Revenue and Licence Fee and finally additional documents (If there is any difference in deductions claimed in audited AGR) within one month from the date of submission of Audited Statement of Revenue and Licence Fee. For further extension, CCA office may decide on case to case basis on merit.

Query 17:

- Recipient names are not found/ mentioned in bank statements submitted by the licensee. In such cases operators themselves are mentioning recipient name in the statement manually and claim with bank statement.

Clarification:

In such cases Licensees may be directed to submit supplementary documents viz the copy of the Cheque issued to the payee alongwith the bank statement duly authenticated by the authorised signatory of the Licensee.

Query 18:

- CCA's are intimating the reasons for disallowance of amount to the Licensees in terms of latest clarification issued by the DoT (HQ) vide their letter dated 01.11.2012, by allowing 15 days time for making representation/submission of wanting documents. However, after expiry of 15 days period, most of the Licensees are again requesting for extension of more time (30 – 45 days) for submission of required documents.

**Clarification:**

CsCA may take decision at their own level on merit of each case. Clarification issued No 1-28/2006/LF-II dated 15.05.2013.

Query 19:

- Some operators are submitting Form 16A/online downloaded form, which is generated from Income Tax web site towards TDS proof (Consolidated figure for all 4 quarters).

Clarification:

Clarification issued vide letter No.1-28/2006/LF dated 10.01.2012 at query "h" may be referred to. Downloaded Form 16A generated from website of Income Tax Department duly certified by tax/ statutory auditor may be accepted.

Query 20:

- At present TDS Payment is being allowed on quarter-wise payment date. Some operators has raised objection that the 7 days time has been allowed by the IT Deptt. to deposit the TDS. In this circumstances whether payment of TDS made beyond the quarter, can be allowed.

Clarification:

Benefit to be given in quarter in which TDS was deducted subject to confirmation of TDS deposited with Income Tax Department within the prescribed time period as per guidelines of the IT Department.

Query 21:

- Bills raised by operators in March but IUC payment in next financial year – IUC deductions applicable in which year. At present it is neither taken in previous year as actually not paid nor in next year being not related to that year. Invoices/proof of documents are submitted in excess of the deductions claimed as per Audited AGR.

Clarification:

Deductions may be allowed in the quarter/year in which the IUC has been actually paid provided it is claimed.



Query 22:

- In case of BSNL, they are claiming deductions for inter-segment transfers between Basic & CMTS. However, there is no proof of payment.

Clarification:

Para 3 of the clarifications issued vide letter No.1-28/2006/LF dated 05.07.2007 may be referred to. There is no special dispensation for any operator (including BSNL and MTNL) in this regard.

Query 23:

- It is not clear that the instructions issued vide letter dated 01.11.2012 are to be implemented scrupulously only for the cases to be finalized henceforth or all the old cases are to be re-opened & intimated to the operators accordingly.

Clarification:

The instructions dated 01.11.2012 are with prospective effect.

Note: All the documents submitted by the Licensee for verifications of deductions should be countersigned by the Authorised Signatory of the Licensee.

(Nivedita Srivastava)
Director (LF-II)

Copy to:

1. All Pr. CsCA and CsCA for information and further necessary action.
2. Sr. DDG (WPF), DoT (HQ), Sanchar Bhawan, New Delhi.
3. DDG (LF-I), DoT (HQ), Sanchar Bhawan, New Delhi.



Query 12

ANNEXURE 'A'

Licensee:

Service Area:

Financial Year:

Quarter:

Details of Settlement of Interconnect Usage Charges between M/s.....
(A) and M/s..... (B) - payment made on net basis.

Sl. No.	IUC Payable by M/s.....(A) to M/s.....(B)	Receivable by M/s.....(A) from M/s.....(B)	Net payment / Net Receipt
1	2	3	4

The amounts of receivable shown in column 3 above has been included in the Gross Revenue of the Auditee Company (A) in the Statement of Revenue and Licence Fee for the quarter ending..... of the Financial Year.....

Signature.....
Authorised Signatory of the Licensee Company

Signature.....
Statutory Auditor of the Licensee Company



1-28/2006/LF-II

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
LICENSEING FINANCE -II BRANCH

To,

dated : 28 Sep 2013

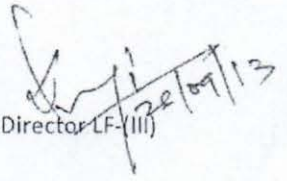
All Pr CsCA/CsCA

Sub : Additional time for submission of documents by operators

Respected Madam/Sir,

It has been brought to the notice of this office that some of the CCA offices are asking for directions from DoT HQ in the event of the operators asking for additional time for submission of the documents. In this regard, it is clarified that as instructed vide DoT HQ Letter No 1-28/2006/LF dated 06.08.2009, the concerned CCA office may at their level permit additional time to the operators to submit additional documents in support of the disallowed claims after due consideration. Also, it is once again reiterated that the reasons for disallowance of deductions may be invariably conveyed to the operators in order to minimize litigation on that account.

2. Further, the undersigned has been directed to convey that operators may not be encouraged to approach DoT HQ for issuing directions to CsCA for granting of additional time for submission of documents as it is for the Pr CCA/CCA to decide and take a view in each case depending upon the merits of the case. Otherwise, the whole purpose of delegating the authority and powers in this regard to Pr CsCA/CsCA would be defeated.


Director LF-III



Without Prejudice

File No-1-7/2013/LF-II
GOVT OF INDIA
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
DEPARTMENT OF TELECOMMUNICATIONS
LICENSING FINANCE BRANCH- II
20-Ashoka Road, Sanchar Bhawan, New Delhi-110001

Dated: 01.10.2013

To

All Basic/CMTS and UAS Licensees

CIRCULAR

Subject: Revenue recognition for Telecom licensees for the purpose of computation of Gross Revenue/ AGR as per the License Agreement.

Hon'ble Supreme Court of India vide its judgment and orders dated 11.10.2011 in petition No. 5059 of 2007 has set aside the judgment and orders dated 30.08.2007 of the Hon'ble TDSAT in petition No. 7 of 2007 and other related petitions in the matter of definition of AGR. Hon'ble Supreme Court while upholding the definition of AGR as incorporated in the UAS Licence Agreement has in para 34 of the judgment observed that ".....The incorporation of the definition of Adjusted Gross Revenue in the license agreement was part of the terms regarding payment which had been decided upon by the Central Government as a consideration for parting with its rights of exclusive privilege in respect of telecommunication activities and having accepted the license and availed the exclusive privilege of the Central Government to carry on telecommunication activities, the licensees could not have approached the Tribunal for an alteration of the definition of Adjusted Gross Revenue in the license agreement".

2. And also in para 40 of the judgment Hon'ble Supreme Court held that "...that this Court has consistently taken a view that once a licensee has accepted the terms and conditions of a license, he cannot question the validity of the terms and conditions of the license before the Court. We, therefore, hold that the TRAI and the Tribunal had no jurisdiction to decide on the validity of the definition of Adjusted Gross Revenue in the license agreement and to exclude certain items of revenue which were included in the definition of Adjusted Gross Revenue in the license agreement between the licensor and the licensee.

3. Department of Telecommunications has raised demands with respect to Assessment of Licence Fee of various years based on Guiding Principle that there is no segregation between Telecom and Non-Telecom Revenue which is also supported by the above mentioned decision of the Hon'ble Supreme Court. As per Condition 19.1 of the UAS Licence Agreement Gross Revenue is clearly defined and duly agreed upon by the Licensee while signing the Licence Agreement which includes revenue from all streams accounted for in the Books of Accounts of the Licensee Company. The relevant provision of the Licence Agreement is reproduced for reference:

"The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc".

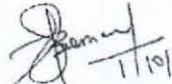
4. Department of telecom has observed that, there are certain items of revenue either being under reported or not reported by licensees in their Audited Statements of Revenue and Licence Fee (AGR statements). The treatment for following items to be given as per detail below-

- a. Gross revenue from Interest Income, such as interest from investment, Interest from loans and advances, and any other interest income arising due to any activity must be included in the GR/AGR for computation of license fee. No netting such as TDS, bank charges etc, from this income are admissible.
- b. Gross revenue from Sharing of Infrastructure (Cell site etc) , whether Opex or Capex, is to be included in GR/AGR for computation of License fee. It has been observed that, some licensees are netting some expenditure against this revenue, which is not admissible. Some of the items falling in this category are-lease line and port charges, cell site sharing, sharing of dark fiber, sharing of switches in NLD and ILD, any other infrastructure related transaction etc.
- c. There have been some instances wherein, Licensees are **netting off distributor Commission, free air time offered to distributors** etc. from gross revenue, which is not admissible. This type of cash outflow must be treated as expense and gross inflow is to be taken in GR/AGR. It is reiterated that the gross receipts/MRP of various telecom products/services is to be accounted as gross revenue.

- d. Gross revenue from free air time bundled with the sale of handsets by third parties, must also be included for computation of License fee. Some other instances also fall in this category such as- reversal on account of employees billing, penalties recovered from customers, stale cheque credits, waivers to customers, additional/free airtime offered to PCOs etc.
- e. Gross Foreign Exchange Gain must be taken for computation of License Fee. This includes both the Gross Realised and Unrealised gains. Further, no set off is allowed for any loss incurred, whether realised or unrealised.
- f. Gross profit on sale of any assets (fixed or movable) is to be taken into account for computation of License fee. There are certain instances, where licensees do not include these types of transactions in their GR/AGR, which is not correct.
- g. Any discount offered to any telecom operator for international roaming should also be included for AGR.
- h. Revenue from all value added services, supplementary, revenue from global operations and any other miscellaneous revenue are to be included in GR/AGR.

The Department may ask for details regarding other items of revenue, if found during the course of assessment of Licence Fee dues.

2. All Licensee Companies are directed to take appropriate action while computing GR/AGR Licence Fee and also pay the licence fee arrears accordingly by including the revenue on the aforesaid items in the GR/AGR for the Financial Years 2006-07 to 2012-13 within 30 days from the date of receipt of this letter, the same should be certified by the Statutory Auditor. From the Financial Year 2013-14 onwards Licensees are expected to include the above items in their Audited/unaudited Statements of Revenue and Licence Fee.


(Shailesh Bansal)
ACAO (LF-IV)

Copy for information to:

- 1 All Pr.CsCA/CsCA
- 2 DDG (WPF)/DDG (LF-I), DoT (HQ), Sanchar Bhawan, New Delhi.

File No. 1-28/3/2013/LF-II (Part. II)
Government of India
Ministry of Communication & Information Technology
Department of Telecommunications
License Finance Branch
Sanchar Bhawan, 20, Ashoka Road, New Delhi-11001

Dated: 21.10.2013

To

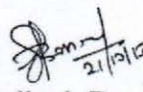
All Pr.CsCA/CsCA

Subject: Clarifications on Deduction Verification – Queries raised by CCA offices.

Some of the CCA offices have sought clarifications whether SMS Termination Charges, Calling Card Charges, Emergency Call Charges and Toll Free Charges, actually paid to other Telecom Service Providers and claimed as deductions through Quarterly Statements of Revenue and Licence Fee (AGR Statements) by the Licensees, are admissible as deductions within the scope of Clause 19.2 of the UAS Licence Agreement. In this regard following has been clarified by AS Branch:

1. SMS Termination Charges are same as call termination charges and may be treated as pass through charges and deductions allowed accordingly on the amount actually paid to other eligible Telecom Service Providers.
2. Calling Card, Emergency Call and Toll Free charges may not qualify for pass through revenue and may not be allowed as deductions for the purpose of arriving at Adjusted Gross Revenue.

This issues with the approval of competent authority.


(Shailesh Bansal)
ADG (LF-III)

Copy to DDG (AS-I), for information.

Government of India
Ministry of Communications & Information Technology
Department of Telecommunications
(LF-II Section)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110 001.

No. 6-2/2008/LF-II/Pt. I

Dated, the 26.11.2013

To,

The Pr. C'sCA / C'sCA.

Sub: Discontinuation of submission of daily reports of LF Collections to DoT HQ by CCA offices.

Sir / Madam,

This is with reference to this office letter No. 1-6/2001-LF dated 08.10.2002, wherein it has been prescribed for sending the following reports to the DoT Hqrs.

- (i) Daily report of LF collections.
- (ii) A monthly report of LF collections received during the month duly reconciled with the booked figures under relevant head in the CAC of the month.

Since, the circles are posting the LF collections in the LF software as and when the payments are received by the CCA office, the practice of sending the daily LF collection report to DoT Hqrs. is not necessary. Hence, the daily LF collection report is not needed at HQs now. Only the prompt and daily feeding of this data in LF software is sufficient, as DOT HQ is solely depending on this data for all the policy decisions relating to licence fee and preparation of the critical Telecom Commission Memo and other reports / analysis on the subject.

It is also noticed that some circles are sending separate monthly reconciliation statement of LF collections in addition to monthly LF collection statement. Since, in the monthly statement format provision for reconciliation is already provided, separate reconciliation statement is not required to be sent to DoT HQ.

Therefore, it is advised that, henceforth, the sending of daily reports of LF collections and separate monthly reconciliation statement to DoT Hqrs may please be **discontinued**. However, the monthly statement of LF collections may continue to be sent to DoT HQs duly reconciled with CAC figures, as prescribed vide para 3.2 of letter No. 1-6/2001-LF dated 08.10.2002 (copy enclosed).

Encl: As above


 (Divya A.B.)
 Director (LF-II)
 Tel: 011-23036015
 dc