

DEPARTMENT OF TELECOMMUNICATIONS,
(LICENSING FINANCE BRANCH)
R.NO.717, SANCHAR BHAWAN,
NEW DELHI-110001.

No.9-12/2013/Con. BG/LF

dated 23.12.2013


To,

All the Pr.CCA/CCAs.

Sub: Regarding confirmation of ISP/ISP(IT)/UASL,PBGs/FBGs,

It is observed that confirmation of genuineness of BGs sought by the Pr.CCAs/CCAs from the concerned Banks is being sent to LF-II branch of DoT HQ. Whereas such confirmation is required to be sent by the Bank to the respective Pr.CCA/CCA concerned.

It is requested to kindly issue the instructions to all the banks with the direction to send the confirmation of BGs to the office of the Pr.CCA/CCAs from where the letter of confirmation has been addressed to the banks


23-12-13
Asstt. Director Director (LF-IV)
TPh.23036036 Fax.23372044

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: 04.03.2014

To

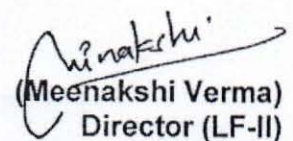
All Pr.CsCA/CsCA

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, 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 AS Branch has clarified as follows

1. SCCP Charges may be treated as pass through charges.
2. Toll Free No. Charges (called party pays) to be treated as pass through.

This issues with the approval of competent authority.


(Meenakshi Verma)
Director (LF-II)

Copy to

1. DDG (AS), DoT, Sanchar Bhawan for information.
2. All Telecom Service Providers

File No. 1-28/2011/LF-II
Government of India
Ministry of Communication & Information Technology
Department of Telecommunications
License Finance Branch
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110001

Dated : 10.03.2014

To

All Telecom Service Providers

Subject: Standardisation of format for Roaming Settlement.

During the course of simplification of statement for roaming settlement a consultation process with CCAs & M/s Syniverse Technology (formerly MACH India Pvt. Ltd.) was held to explore possibilities of deriving a uniform format for obtaining details of roaming settlement.

2. After consultation a format for providing details of roaming settlement through settlement house has been arrived at.

3. To streamline the process of verification, Licensees are expected to provide details of Roaming settlement only in attached format from Financial Year 2014-15.

4. Your comments on the proposed format are expected by 14.03.2014, otherwise it shall be presumed that format is accepted.

Encl. Proposed Format


10/3/14
(Shallesh Bansal)
ADG (LF-III)

Statement for Roaming Settlement - Details

Name of the Operator:
 Service Area
 Month/Quarter
 Year

Particulars		Roaming Period				Settlement				Payments		Settlement		Balances			
Sl. No.	Invoice No.	Invoice Date	Invoice Month	Invoice Period	Invoice No.	Invoice Date	Invoice Month	Invoice Period	Invoice No.	Invoice Date	Invoice Month	Invoice Period	Invoice No.	Invoice Date	Invoice Month	Invoice Period	
1																	
Header Section																	
Incremental Report for each month																	
Description of Field Content	Name	Country/Service Area	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	
	Name of the Service Area	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date
Description of Field Content	Name of the Service Area	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date
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	Name of the Service Area	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Invoice No.	Date

1-28/3/2013/LF
Government of India
Ministry of Telecommunications and IT
Department of Telecommunications
Licensing Finance Branch)
Room No.717, Sanchar Bhawan, 20-Ashoka Road, New Delhi-110001.

Dated: 09.04.2014

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

Sub: Verification of deductions claimed by the Licensees through Quarterly Statement of Revenue and License Fee.

It has been observed by the DOT (HQ), LF-II section that report on verification of deduction claimed are being sent by most of CCAs on provisional basis. In this regard it is stated that the work of verification of deduction claimed by the TSPs has been decentralized to the CCAs.

The CCAs have to send the final report of deduction verification instead of sending the provisional deduction verification report. Provisional report of deduction verification is to be sent to the concerned Telecom Service Providers only. Sending the provisional deduction verification report to DOT (HQ) is creating confusion and unnecessary burden of work.

Therefore you are requested to send the final report of deduction verification. If any item of deduction claimed like international roaming, emergency call charges and service tax^{etc} have not been verified due to lack of clarification or non submission of relevant documents it may be clearly mentioned in the final report.

But, the report on items of deduction claimed and verified should be sent only when once it is finally settled.


(Minakshi Verma)
Director (LF-II)
Tele: 23036257.
Mob. 9013135943.

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 29.04.2014

To,

The Pr. C'sCA / C'sCA.

Sub: Posting of GR / AGR data pertaining to the 4th quarter of 2013-14 in DoT's LF Software.

It is observed that the GR / AGR (un-audited) and LF Collection data in respect of 4th quarter of 2013-14 has not been completely posted by some of the circles in the LF software. The GR / AGR and LF data for the 4th quarter of the year is urgently required for submission to Telecom Commission. As per the existing norms this data should have been feeded in the system within two working days of its receipt from the operator.

2. All the policy decisions relating to licence fee at the Head Quarters need updated factual inputs on GR / AGR and LF collection figures. In the absence of this data, preparation of the critical Telecom Commission Memo and other reports / analysis on the subject is hampered. This adversely affects the efficiency and effectiveness of the Finance wing while executing / assisting in policy formulation and monitoring functions at the Head Quarters. Hence, it is reiterated that the above data may be posted in the LF software without further delay. This may be treated as **most urgent**.

Sukhbir
(Sukhbir)
Director (LF-V)
de

F.No.23-11/14-TR Audit
Government of India
Ministry of Communication & IT
Department of Telecommunications
Sanchar Bhawan, New Delhi – 110 001

Dated : 21 May 2014

Office Memorandum

Sub: Procedure for settlement of reimbursement claim of BSNL for refund of upfront BWA charges in respect of six LSAs of BSNL.

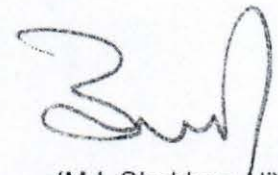
Ref: BSNL letter No.500-87/2013-14/CA-V/BWA/Refund dated 07.05.2014.

The following procedure is conveyed with the approval of competent authority for settlement of reimbursement of claim (to be filed by BSNL) for refund of BWA spectrum charges paid by BSNL in respect of six LSAs on surrender of spectrum in accordance with approval of same conveyed vide O.M.No.10-20/2012-SU.I(Vol.II) dated 15.01.2014.

- (i) Total amount of refund would be limited to `6724.51 crore. The reimbursement would be done on quarterly basis against LF and SUC paid for last two quarters of 2013-14 and subsequent financial years.
- (ii) The reimbursement will be done centrally through PAO (HQ).
- (iii) BSNL shall file claims, indicating details of payment circle-wise in respect of LF and SUC separately, with Director (PSU-I), DoT (HQ) by the 20th of the month following the quarter, as per Annexure-I. It will also furnish details of Bank accounts etc., to which payments are credited.

(iv) CCA offices on receipt of quarterly payments. will send payment realization confirmation details every quarter to Director (PSU-I) with a copy to Sr. DDG(WPF) and DDG(LF-II) as per enclosed Annexure-2.

(v) Director (PSU-I) will verify claims with reference to payment confirmation report from CCA offices and process expenditure sanction from competent authority. Monitoring of approval limit of reimbursement will be done by nodal section i.e., Director (PSU-I).



(Md. Shahbaz Ali)
DDG(TPF)

Encls: As stated

1. All Pr.CsCA / CsCA
2. DDG (Accounts)
3. Director (PSU-I)
4. CMD, BSNL
5. Director (B&P)
6. Director (IA)

Copy for kind information:

- (i) Sr PPS to Secretary
- (ii) Sr. PPS to Member (F)
- (iii) PSO to Advisor (F)
- (iv) PS to AS(T)
- (v) Sr. DDG (WPF)
- (vi) DDG(LF-II)

Annexure-1 to O.M. F.No.23-11/14-TR Audit.

Dated 21 May 2014

Details of payment made by BSNL

Name of the Circle :

Quarter (FY.....)

Items	Date of Payment	Mode of Payment	Amount (Rs in Crore)
L F			
(i) Basic			
(ii) CMTS			
(iii) NLD/ILD/VSAT/Internet			
S U C			

Note: This annexure to be enclosed while filing claims.

Annexure-2 to O.M. F.No.23-11/14-TR Audit.

Dated 21 May 2014

LF & SUC Payment Realization Confirmation Report

Name of BSNL Circle :

Quarter (FY.....) :

Item	Date of Payment & Mode of Payment	Amount Rs. In crore)	Date of remittance / realization	Amount (Rs. In crore)	Remarks, if any
LF					
SUC					

Signature of PAO

O/o Pr.CCA / CCA.....

1. Sr. DDG (WPF)
2. DDG (LF-II)
3. Director (PUS-I)

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GOVERNMENT OF INDIA, DEPARTMENT OF TELECOMMUNICATIONS,
ROOM NO. 717, SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI -110 001



No. 1-19/2004/LF/Part-1

Dated: 03.07.2014

To
All Pr. CCA/C.C.A.

Sub - Review of Financial Bank Guarantees- Reg.

Sir/Madam,

It has been observed that field units forward letters regarding review/renewal letters to bank for confirmation of Financial Bank Guarantees of individual license, to DoT HQ for information, even in cases where whereas no action is required at HQ level.

It is therefore , requested not to mark copies of such letters to this HQ to avoid infructious work and waste of paper.

Chinakshi
Director (LF-II)

3004/18
12/12

In reply file. Pl.
12/12/14

File No. 1-28/2013/CCAs/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: 11.08. 2014

To

All Pr.CsCA/CsCA

Subject: Correspondence with LF-II branch of DoT HQ.

It has been observed that CCA offices are making references on the issues not being dealt in by the LF-II branch of DoT (HQ). Most of the references received relates to Decentralised Licences, SUC/WPF related issues, Court Cases, Policy matters and Audit Paras.

2. In this regard, all the CCAs are requested to make reference to appropriate branch/Section of DoT as detailed below:

- | | | |
|------|--|----------------------------|
| i. | Regarding Decentralised Licences: | DDG (LF-I) |
| ii. | Policy Matters related to LF | DDG (LF-I) |
| iii. | Court Cases related to LF & FBGs | DDG (LF-I) |
| iv. | SUC/WPF related decentralised Licences
(Related FBGs and Court Cases) | Sr. DDG (WPF) |
| v. | Audit Paras related to SUC/WPF | Sr. DDG (WPF) |
| vi. | Accounting treatment to various Receipts | DDG (TPF) |
| vii. | PBGs and related Court Cases | Concerned Licensing Branch |

3. In addition to above reference are also being received, regarding audit of their units by the Local Audit Party of P & T Audit. In this regard it is requested that before sending the Inspection Memos/Audit Reports on short payment of Licence Fee on account of non-inclusion of certain items of revenues by the Licensee in their Audited AGRs, concerned Audit Party may be explained that these items of revenue not considered by the Licensees in their Audited AGRs are being added by the DoT while assessing their Licence Fee dues for the concerned year. To establish this, demand notices already available with the CCA office for the years for which demands have been issued may be shown to audit. Audit Party may also be intimated that as these items have already been added in the AGRs at the time of Assessment by DoT (HQ) of the years for which demands have been issued. Similarly these items of revenue will be

added while assessing the Licence Fee dues for the following years. While assessing the Licence Fee dues following exercise is carried out:

"The 'Gross Revenue' reported in Audited Quarterly Statements of Revenue and Licence Fee (AGRs) (of standalone Licences and/or Licensees having multiple Licences) is first reconciled with the Revenue appearing in the P&L Account of the company. While reconciling revenue figures appearing in the Audited Balance Sheet/ P & L Accounts of the company with the Audited AGR statements submitted by the licensees, the following schedules/reports attached with the accounts should be reviewed at least with reference to revenue/ income recognition of the company:

- (a) Accounting Policies.
- (b) Notes on Accounts.
- (c) Auditors Reports and Management's reply thereto.
- (d) Schedule relating to Other Income.
- (e) Schedule relating to Finance Expenses from where related items of income have been netted off.

Items of Revenue not disclosed in the Audited AGRs are added to AGR for arriving at the Licence Fee due. These items are:

- (i) Gains from foreign exchange credited in P&L account.
- (ii) Proceeds from insurance credited to P&L account.
- (iii) Liquidated damages.
- (iv) Miscellaneous income including interest, dividend, rent, profit on sale of Assets/investments etc.
- (v) Interest/ dividend or any other income set off through expenditure schedule.
- (vi) Interest on income tax refund.
- (vii) Discount and waivers which are at the post billing stage and not covered under the TRAI approved tariff plans.
- (viii) Unreconciled amounts of such income classified to be part of corporate income.
- (ix) Profit on sale of assets.
- (x) Profit on redemption of units.
- (xi) Unreconciled pass through charges.
- (xii) Fixed roaming signaling charges.
- (xiii) Amount of Security Deposit credited to P&L Account.
- (xiv) IRU Sale Proceeds etc.

②
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While adding these items, interest, penalty and interest on penalty is levied on the shortfall as per terms and conditions of the Licence Agreement resulting in no loss to the exchequer".

4. In view of the above exercise already being carried out by the time of Assessment by the Department, Audit memos on the issue could be suitably replied.

Minakshi
(Minakshi Verma)
Director (LF-II)



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 : 11.08.2014

To

All Telecom Service Providers

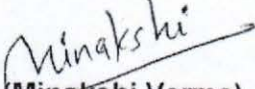
Subject: Providing operator-wise details of Pass thru revenue for usage of other networks and IUC charges actually paid to other operators in the Statement of Revenue and Licence Fee.

As per Clause 19.1 of the UASL Licence Agreement Telecom Service Providers are required to provide details of revenue on account of access or interconnection charges, roaming charges for usage of network by other operators. Further in the Statement of Revenue and Licence Fee (Annexure -II to Appendix - II to UAS Licence Agreement TSPs are required to give operator-wise details of Passthru revenue for usage of network by other operators.

2. Similarly Clause 19.2 of UAS Licence Agreement provides deductions from Revenue on account of Pass Through Charges on actually paid basis and TSPs are required to give the operator-wise details pass through charges actually paid to other operators in the Statement of Revenue and Licence Fee.

3. It has been observed that TSPs are submitting details of Passthru charges paid to other operators on accrual basis instead of actually paid basis, which is contrary to Licence Conditions. Operator-wise details of Pass through revenue received from other operators for usage of their network is also not being provided with the statements of revenue and Licence Fee.

4. All Telecom Service Providers are hereby directed to submit Audited and self assessed Statements of Revenue and Licence Fee as per terms and conditions of the UAS Licence Agreement by properly filling up all the required fields in the Revenue portion and operator-wise details of actually paid deductions. Failing which action as per Licence Conditions will be initiated.


(Minakshi Verma)
Director (LF-II)

Copy to all Pr.CsCA/CsCA for information and necessary action



Without Prejudice

File No. 1-28/2013/CCAs/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 : 20.08.2014

To

M/s Tata Teleservices Ltd.
2 A, Old Ishwar Nagar,
Main Mathura Road,
New Delhi – 110065

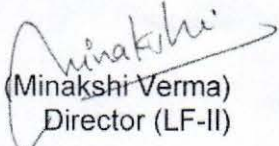
Subject: Seeking clarity to claim ADC payments deduction of AGR in FY 2014-15 of ADC payments made in the previous financial years.

This is with reference to your letter No. TTSL/DoT/LF/2014 dated 15.04.2014 on the above mentioned subject.

In this regard it is intimated that as per Clause 19.2 of the UAS Licence Agreement deduction on account of Pass through charges are allowed on '**actually paid basis**'. Access Deficit Charges were applicable upto the year 2007-08 and were allowed as deduction from the Gross Revenue for arriving at AGR.

As per the representation dated 15.04.2014, ADC payments amounting to Rs. 370.30 crores were made during the years 2008-09 to 2012-13. Therefore, deductions will be allowed in the Financial Years in which payment were actually made provided the ADC payments made to BSNL pertains to claims preferred by BSNL for the FY 2007-08 and prior periods.

M/s TTSL is directed to submit revised Audited AGRs for years 2008-09 to 2012-13 alongwith a Certificate from the Statutory Auditor to the effect that "deductions amounting to Rs.....claimed on account of ADC payments made to BSNL during the financial year.....were not claimed in the Financial Year..... and in any earlier financial year".


(Minakshi Verma)
Director (LF-II)

Copy to All Pr. CCA/CCA for information and necessary action.

Without Prejudice

File No. 1-28/2013/CCAs/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 : 20.08.2014

To

M/s Reliance Communications Ltd.
Reliance Centre, A-Wing, 3rd Floor,
Maharaja Ranjit Singh Marg,
New Delhi – 110002.

Subject: Disallowance of pass through charges on account of ADC paid on FWP/T in the previous financial years and Actual Payment of Pass Through charges paid to International Operators in excess of Gross Revenue

This is with reference to your letter Nos. RCL/DoT/13-14/6218 dated 09.12.2013 and RCL/DoT/14-15/6310 dated 09.05.2014 on the above mentioned subjects.

In this regard it is intimated that as per Clause 19.2 of the UAS Licence Agreement deduction on account of Pass through charges are allowed on '**actually paid basis**'. Access Deficit Charges were applicable upto the year 2007-08 and were allowed as deduction from the Gross Revenue for arriving at AGR.

As per the representation dated 09.12.2013, ADC payments amounting to Rs. 334.29 crores were made in October 2005, March 2006 and May 2008. Therefore, deductions will be allowed in the Financial Years in which they have been claimed i.e. Q2 and Q3 of 2008-09 provided the ADC payments made to BSNL pertains to claims preferred by BSNL for the FY 2007-08 and prior periods.

A Certificate from the Statutory Auditor to the effect that "deductions amounting to Rs.....claimed on account of ADC payments made to BSNL during the financial year.....were not claimed in the Financial Year..... and in any earlier financial year," may be submitted alongwith the deductions claimed.

As regards representation dated 09.05.2014, it is intimated that as per item 36 of Definition of Terms and Interpretation of ILD Licence Agreement, "*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".

However, "**Service Provider**" means Telecom Service Provider licensed under Section 4 of the Indian Telegraph Act 1885 for provision of service. **Therefore, pass through charges actually paid to eligible Telecom Service Providers are allowed as deductions.**

If RCOM has made payment to 'eligible Telecom Service Providers' as explained above, claims for such payments may be admissible as per terms and conditions of the Licence Agreement provided the Licensee is able to support the claim with proof of actual payment. If the actually paid amount of deductions claimed exceeds the Gross Revenue, then the excess paid amount may be adjusted in the subsequent quarters of the next Financial Years. Deduction claims will be allowed subject to deduction verification report by the CCA concerned.

Copy to All Pr. CCA/CCA for information and necessary action.

(Minakshi Verma)
Director (LF-II)



हिन्दी का ज्ञान राष्ट्र का सम्मान

S.K. Mishra
DDG (LF-II)

भारत सरकार
संचार और सूचना प्रौद्योगिकी मंत्रालय
दूरसंचार विभाग
संचार भवन, 20, अशोका रोड
नई दिल्ली-110001
Government of India
Ministry of Communications & IT
Department of Telecommunications
Sanchar Bhawan, 20 Ashok Road
New Delhi-110 001
WEBSITE : www.dot.gov.in

D.O. No. 1-28/2013/CCAs/LF-II
Dated: 22.08.2014

Dear Sh. Panda,

Kindly refer to your D.O. No.CCA/WBC/3-22A/LF Veri SSTL/2012-13/1680 dated 08.08.2014 regarding procedure to be followed by all CCA offices in dealing with representations of the operators on the basis of demand – cum- show cause notices issued to operators.

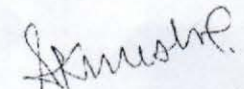
In this regard it is intimated that Demand –cum – Show Cause Notices are being issued since November 2012 to provide a final opportunity to Licensees to represent against the deductions disallowed by the CCA offices and the assessed demand.

If Licensee represents against the deductions disallowed, Licensee may be given sufficient time (not exceeding 30 days depending upon the volume of documents) to file the documents in support of deductions claimed by the Licensee but earlier disallowed by the concerned CCA office while verifying the claimed deductions at initial stage.

Deductions claimed may be verified with reference to additional documents submitted by the Licensee with Audited records on merits and revised final report may be sent to DoT (HQ) for further necessary action.

With regards

Yours sincerely


(S.K. Mishra)

Sh. Kamalakanta Panda,
CCA, West Bengal Telecom Circle,
8, Esplanade East (Annex) 2nd Floor,
Kolkata – 700 069

Copy to all Pr.CsCA/CsCA for information and necessary action.

No.1-28/2013/CCAs/LF-II
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
DEPARTMENT OF TELECOMMUNICATIONS
LICENSING FINANCE ASSESSMENT BRANCH
SANCHAR BHAWAN, 20-ASHOKA ROAD, NEW DELHI – 110001

Dated: 07.11.2014

Subject: Clarifications on Deduction Verification – Queries/Issues raised by CCA offices and Telecom Service Providers (TSPs).

Kindly refer to various queries raised by CCA offices and Telecom Service Providers 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 Workshops held 16.01.2014 to 18.01.2014 at Jaipur and 05.02.2014 to 07.02.2014 at Bhubaneswar. The queries and inputs received have been examined in detail by a Committee of Senior Officers. Recommendations of the Committee have been accepted by the competent authority and clarifications as given below are hereby issued for guidance and compliance by the CCA offices and TSPs.

- 1. While verifying payment proofs, CCA offices are insisting for Invoice/Bill/Voucher of other operator along with netting off statement.**

Claim of net settlement may be submitted along with a statement in Annexures AO and AG, duly certified by the Authorised signatory of the Licensee Company and at the end of the year duly certified by the Statutory Auditor of the Licensee. The formats AO and AG shall be applicable from the FY 2014-15. If Licensee has not submitted the details till the date of issuance of this circular they shall submit the details in formats AO and AG for earlier periods also. Copies of vouchers/Debit - Credit notes/Invoices duly certified by the Authorised Signatory of the Licensee Company are to be submitted along with extract of ledger and Annexure – AO/AG

However, the cases already finalised by the CCAs till the date of issue of these orders need not be reopened.

Annexure –AO pertains to the settlements transactions between the separate Licensee Companies (Separate Legal Entity) and Annexure - AG pertains to the settlements transactions within the same Licensee Company (Same legal entity) and Inter-segment transactions within the same company (Same legal entity). **Prescribed formats need to be adhered strictly by Licensee as well as by CCAs without any modification.**

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2. Most of the CCAs insist for original Bankers' Certificate certifying each of the payment made for pass through charges specifying the name of payee and other details. Computer-generated Bank statement may be accepted as proof of payment mentioning either cheque number/account number or name of operator as beneficiary. Banks take 3 – 4 weeks time for preparation of statements. This is in case when the period is recent. The older is the period the greater is the time required for certification.

Complete Bank statements (with running page numbers and logo) whether issued by bank or downloaded from the Bank's website showing relevant payments, of which 1st & last page (should not be blank) shall be signed by the Bank Authorities and Authorised signatory of the Licensee Company *duly certifying that the statement contains pages from.....to.....* Licensee should show the relevant pages on which transaction is mentioned by mapping of relevant transactions in prescribed format – AO and AG.

Submission of the documents is the responsibility of the Licensee. For the current and future period Licensees are advised to collect the documents from the banks on monthly basis.

As regards old cases (*period upto the year 2011-12 for which deduction verification is pending due to bank statement related issues*) operators may submit the bank statements showing the transaction and breakup of the transaction amount/DD alongwith acknowledgment of the receiving party (as proof for date of payment). All such cases related with bank statements may be settled within a period of 45 days from the issue of this clarification, failing which deductions claimed will be disallowed and verification shall be deemed as finalised for the purpose of assessment of Licence Fee.

3. For TDS deposit, following documents are being insisting upon as proof:
- Copies of TDS certificates with individual transaction mapping.
 - TDS Returns (proof that it is deposited with IT).
 - A Certificate from the tax/statutory auditors certifying such forms.

In such instances operators may submit following documents duly signed by the Authorised Signatory of the Licensee Company:

- (a) Copy of Challans alongwith copy of complete Forms 26Q.
- (b) Circle-wise break up of challans and Forms 26Q
- (c) Further break up of concerned circle's amount deposited through challans.
- (d) A certificate from Statutory/Tax Auditor certifying the consolidated amount of Challans.
- (e) Mapping of returns with individual transaction cannot be dispensed with although operator can alternately map the break-up of concerned circle amount provided in details at point 'b' above.

Soft copy of Form 26Q shall also be provided in MS excel (2007 format).

4. Payment of Tax Deduction in terms of Tax Laws but due date falling in subsequent quarter.

- a) When TDS is deposited in previous quarter and claimed in subsequent quarter, in such cases, it will be allowed in the quarter in which full amount of invoice is claimed subject to producing linkage between the invoice claimed and TDS reflected in Form 26Q. Above provisions are for exceptional circumstances only and Licensees should avoid making it regular practice.
- b) When deduction against an invoice is claimed in earlier quarter and TDS is deposited in the next quarter, in such cases deduction will be allowed in the quarter in which deduction against invoice is claimed, subject to adherence of date of deposit as per Income Tax Act/Rules prevailing at the time of deposit.
- c) If the TDS deducted is deposited after the due date prescribed above, then the deduction will be allowed in the quarter in which it is deposited i.e. if the TDS deducted in March and deposits by 30th April, then it would be deemed to have been deposited in same financial year. However, if it is deposited subsequent to this date, Licensee should claim deduction in the next financial year.

5. Disallowance of total expense if separate TDS proofs not submitted.

Mandatorily TDS is required to be deposited in same month. In case where it is mandatory for deducting Tax at source, then whole payment shall be allowed as and when whole amount of invoice including TDS is paid and claimed, subject to production of proof of payment.

6. Deductions claimed against part payments arising out of billing disputes.

Part payments in normal circumstances shall not be allowed. Operators shall claim the whole amount only with related payment proofs.

However, in exceptional circumstances, if any payment against invoices is being made partly due to disputes then this part payment shall be allowed subject to deposition of related TDS and production of documents in support of disputes. Licensee shall submit a quarterly detail of such invoices in Annexure- PP. The unpaid/disputed part/amount of invoice mentioned in Annexure-PP may be allowed in future subject to approval by the CCA of the concerned Service Area.

Licensee should submit the updated Annexure-PP showing the invoice details against which deductions were claimed in earlier quarter for part payment, alongwith documents for each quarter during the concerned financial year. Annexure PP may be used as tracking device for future purposes for allowing such deduction claims.

7. Intra Company and Inter Company Settlement

Intra-company settlements (**Same Licensee Company**) are allowed on the basis of submission of copies of vouchers/Debit - Credit notes/Invoices and quarterly extract of General Ledger duly certified by the Authorised signatory of the Licensee Company and at the end of the year duly certified by the Statutory Auditors of the Licensee Company. A certificate in Annexure-'AG' duly signed by the Authorised Signatory of the Licensee Company may also be submitted on quarterly basis and at the end of the year certified by the Statutory Auditors of the Licensee Company.

Inter-company settlements (**different legal entity**) are allowed on the basis of submission of copies of invoices duly certified by the Authorised signatory of the Licensee Company. A certificate in Annexure-'AO' duly signed by the Authorised Signatory of the Licensee Company may also be submitted on quarterly basis and at the end of the year certified by the Statutory Auditors of the Licensee Company.

Annexure AO/AG shall be applicable from financial year 2014-15.

It is pertinent to mention that Licensee shall raise/obtain invoices for all transactions for which deduction is claimed irrespective of nature of transaction i.e. inter-company/intra-company transactions.

If deduction verifications for years earlier than F.Y. 2014-15 is not complete then in case of intra group companies deductions shall be allowed only after submission of vouchers/Debit - Credit notes/Invoices and quarterly extract of General Ledger duly certified by the Authorised signatory of the Licensee Company and in case of inter group company deductions shall be allowed only after submission of copy of vouchers duly certified by the Authorised signatory of the Licensee Company.

8. Settlement within Group Companies.

Settlement within group companies may be accepted along with Memorandum of Understanding between companies and other documents

A certificate (signed by authorized signatory of licensee company) in the beginning of each financial year is required from licensee (service area wise) mentioning list of group and separate legal entities to facilitate the smooth deduction verification process.

What is inter- group company and intra- group company transactions?

Inter-company transactions are those which occur between two separate legal entities e.g. transactions occurred between RCOM and RTL or transactions occurred between Vodafone Ltd and Vodafone South Ltd. are example of inter-company transactions. Pass through charges between two legal entities may be routed through the bank only and not through mere ledger adjustment.

Whereas, intra company and group company transactions are those which occur within same legal entity e.g. transactions occurred between RCOM, Delhi and RCOM UP (East) or transactions occurred between Vodafone South Ltd, AP and Vodafone South Ltd., Karnataka are example of intra and group company transactions.

PS: Names of Licensees used are for reference/illustration only.

9. Re-verification being rejected.

The issue has already been clarified through clarifications dated 01.11.2012 and 26.09.2013. Operators should strictly follow the allowed time limit without any fail and respond within time.

10. Reopening of cases on demand-cum- SCN. After completing the assessment, CCAs are not sharing the disallowance details with operators.

CCA offices have already been advised vide letter dated 01.11.2012 and 26.09.2013 to give speaking and reasoned orders in respect of disallowed deductions. If any deviation with the above mentioned orders, matter may be brought to the notice of CCA concerned with a copy to DoT (HQ).

D.O. No. 1-28/2013/CCAs/LF-II related with the same has been issued on 22.08.2014, in which it has been made clear that 15 days time limit mentioned for making representations against demand cum show cause notices issued by DoT (HQ) (after provisional assessment) may be extended but not more than extra 15 days. So, in total 30 days may be allowed to licensee to submit his representation against demand cum show cause notices. If licensee has already been given opportunity to represent upto 30 days time limit, after issuance of Demand cum show cause notice then same licensee may not be allowed to represent again.

11. Inter-circle settlements within same legal entity.

Intra company settlement (Same Licensee Company) is allowed on the basis of submission of quarterly extract of General Ledger duly certified by the Authorised signatory of the Licensee Company and at the end of the year duly certified by the Statutory Auditors of the Licensee Company. A certificate in Annexure-'AG' duly signed by the Authorised Signatory of the Licensee Company may also be submitted on quarterly basis and at the end of the year certified by the Statutory Auditors of the Licensee Company. Copies of vouchers/Debit - Credit notes/Invoices duly certified by the Authorised Signatory of the Licensee Company are to be submitted along with extract of ledger.

Pass through charges between two legal entities may be routed through the bank only and not through mere ledger adjustment.

12. In the matter of International Roaming, the entire claim is getting disallowed by the CCA offices.

As per UAS (Item No.57 of Annexure – I, Definition of Terms and interpretation of UAS Licence Agreement) Licence Conditions, IUC/Roaming/pass through charges actually paid for carriage of call to other eligible/entitled Telecom Service Providers are allowed as deductions for the purpose of arriving at AGR.

As per Definition of "Service Providers" given in UAS Licence Agreement, "Service Provider" means Telecom Service Provider licensed under Section 4 of the Indian Telegraph Act 1885 for provision of service.

Therefore, deductions on account of IUC/Pass through charges actually paid and claimed by Licensee may allowed, if actually paid to eligible telecom Service providers granted Licence under Section 4 of Indian Telegraph Act 1885, as per the definition given in the Licence Agreement. Foreign service providers are not eligible service provider, therefore, deductions on account of pass through charges paid to them should not be allowed.

Cases where deduction verification has been-finalised/closed may not be reopened by CCAs for the time being till further instructions.

13. Amount paid in previous quarter and claimed in subsequent quarters and Amount claimed in a quarter and paid in subsequent quarters.

Assessment of License Fee is carried out on annual basis, whereas, deduction verification is done on quarterly basis. Verification of deductions on quarterly basis is to facilitate the timely verification of deductions claimed. TSPs cannot claim deduction against pass through charges unless and until such payment has actually been made. In normal cases licensee shall claim the deduction only in the quarter in which payment have actually been made.

However, deductions claimed against pass through payments made in previous quarters may be allowed in subsequent quarters in the same financial year, if found justified. Similarly deductions claimed against pass through charges for which payments have **NOT** been made in previous quarter, may be allowed in subsequent quarters, if claimed again in the quarter in which payment has actually been made, in the same financial year, if found justified. Such cases shall be decided by the officer not below the CCA. This provision will be applicable only in exceptional circumstance.

Licensee shall show the transaction by mapping of relevant transactions in bank statement and prescribed format AO/AG.

In cases where payment made in earlier/next quarter, in such cases amount of deduction claimed should not be negative on annual basis i.e. amount of deductions allowed shall not be more than the amount of deductions claimed, in a financial year.

14. Restriction of admissible pass-through amount to the extent of amount shown in the Audited AGR statement.

Deductions can be claimed only if it can be substantiated by proof of actual payment (As per clause 19.2 of UAS license agreement). **Deductions allowed should not be more than the Deductions claimed as per Auditor's Certificate/Audited AGR.** In case the Licensee claims deduction on accrual basis it will be disallowed.

15. There are some settlements with some Operators which are being carried out by the operators at Company level for all the circles. Corporate is exchanging single payment with such Operators and debit / credits are being passed on to respective circles. Some of the CCA offices are disallowing such deductions although circle-wise breakup of the settlement amount is provided to them along with bank statement of Corporate.

As per clause 22.1 of the UAS License agreement "**Licensee will draw, keep and furnish independent accounts for the SERVICE** and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be".

To verify deduction claims, service area wise copy of invoice and proof of payment is basic necessity. Accordingly licensees are liable to draw, keep and furnish accounts licensed service area wise. In such cases Licensee shall maintain and provide circle wise details of payments along with invoice, failing which deductions claimed shall be inadmissible.

16. As per existing practice timelines of 15 days is allowed for submission of document.

Licensee Companies can submit Quarterly documents within one month from the date of payment of quarterly License Fee of relevant quarter as under:

Quarter	Last date of payment of Quarterly Licence Fee	Last date of Submission of Documents in support of deductions claimed.
1 st Quarter	15 th July	15 th August
2 nd Quarter	15 th October	15 th November
3 rd Quarter	15 th January	15 th February
4 th Quarter	15 th April	15 th May

17. Submission of documents on Quarterly basis and requirement of Audited AGR on quarterly basis:

Time limit mentioned in point 16 above shall be adhered to.

It is clarified that Quarterly AGR statements, duly certified with an affidavit by authorised representative of the Licensee, submitted alongwith payment of quarterly Licence Fee shall be on self assessment basis only.

At the end of the year Annual AGR statements showing quarter-wise breakup of AGR shall be duly certified by the Statutory Auditor of the Company as per Clause 22.2 (b) of UAS Licence Agreement.

18. Payment of Service Tax - one of the Licensees has central registration for tax payable for each month for each of the Circles. The data is extracted from the ERP system and the same is discharged centrally covering all circles on or before the due date either by adjustment through CENVAT credit or cash payment wherever applicable. Further, the information is vetted and certified by statutory auditors in the AGR Audit certificate with the following noting in their certificate as "*Payment has been duly made by the company within the due dates available for payment and that Service tax value considered in the Gross Revenue & in the Deductions are same. Hence there is no impact on AGR values.*"

As per Licence Agreement, Licensees are required to maintain Licence wise separate accounts.

In such cases Licensee shall maintain and provide circle wise details of Service Tax billed, collected and paid/deposited with Government, failing which deduction shall be inadmissible.

19. Supporting documents need to be signed by designated authorized signatory.

Authorised signatory shall be a person authorized by the Board Resolution duly certified by the Company Secretary of the Licensee Company. Such Board Resolution and General Power of attorney should be submitted at the beginning of each financial year for each CCA office.

20. Consolidated payments – proof of payments other than deductions claimed – required or not.

In few cases company generates and pays the consolidated invoices e.g. for roaming and management consultancy or for PSTN and Port charges etc, such practice should be avoided in future transactions by licensees and invoices for claimable deductions should be raised separately and paid separately e.g. for roaming and PSTN charges separate invoices and for management consultancy and Port charges separate invoices.

However, in present practice of raising consolidated invoices raises doubts that whether CCAs should verify all vouchers related with consolidated amount of Invoice or only the invoices related with deduction claimed?

It is hereby made clear that, in such cases of consolidated payments, invoices related with items other than deductions claimed e.g. management consultancy, Port charges may not be verified at this stage as that will be covered under clause 22.5 of license agreement. Invoices related with claimable deductions (e.g. roaming and PSTN Charges etc) and payment proof with breakup of consolidated payments is sufficient to verify the deductions.

Above breakup should be signed by the Authorised signatory stating that "On behalf of Licensee Company, I bear the responsibility for correctness of above details mentioning consolidated payment of Rs....."

21. Amount shown in the auditor's certificate differs from the amount claimed.

Ideally the amount should match but where such cases arise following action may be taken:

- a) Allow deduction claimed if it is less than Auditor's Certificate.
- b) Restrict the claim to Auditor's certificate if the claim is in excess of Auditor's certificate.

22. Some of the CCA offices are not accepting the standard format prescribed through letter No. 1-28/2006/LF dated 10.12.2013 for submission of documents for verification of deductions claimed for the period earlier than year 2013-14.

Although the format was prescribed for year 2013-14 onwards, however, if any Licensee submits the details of documents in New Format for periods earlier than the year 2013-14, it may be accepted, if the deduction verification process has not been started for the concerned Financial Year. However, these quarterly formats for a financial year shall be uniform in any case. *This standard format has now been replaced with Annexures AO & AG which is effective from the financial year 2014-15.*

23. Requirement of Statutory Auditor's certificate should be dispensed with in case of items of revenue against which netting off is done such as Foreign Currency Gains, interests etc.

In all such cases where netting off is done in books of accounts, Statutory Auditor's certificate is required to be submitted to the Licensor (CCA) certifying the Gross amounts of the items of revenue against which netting off is done.

24. BSNL charges annual charges for decreasing the call rates. Annual charges paid to BSNL are admissible for deductions or not.

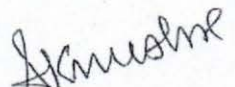
Annual charges paid to other operators are expenses and not admissible as deductions.

Documents for verification of deductions claimed will be submitted alongwith a covering letter with check list for submission of documents in prescribed proforma duly signed by the Authorised Signatory of the Licensee Company

All the above clarifications are applicable to deduction verification cases which are not yet finalised by the CCA offices. If deduction verification is finalised/closed and reports sent to DoT (HQ), then those cases need not be reopened by CCAs.

This issues with the approval of Member (Finance), Telecom Commission and Ex-officio Secretary to Government of India.

Encl.: Check list for submission of documents, Annexures AO, AG & PP


(S.K. Mishra)
DDG (LFA)

Copy to:

1. PPS to Member (Finance), DoT (HQ), Sanchar Bhawan, New Delhi
2. PSO to Advisor (Finance), DoT (HQ), Sanchar Bhawan, New Delhi
3. All Pr. CsCA and CsCA for information and further necessary action.
4. Sr. DDG (WPF), DoT (HQ) and all DDGs of Finance Wing at DoT (HQ), Sanchar Bhawan, New Delhi.
5. DDG (LFP), DoT (HQ), Sanchar Bhawan, New Delhi.
6. DG NICF, Ghitorni, New Delhi.
7. All Telecom Service Providers.

**CHECK LIST FOR SUBMISSION OF DOCUMENTS FOR VERIFICATION OF
DEDUCTIONS**

NAME OF THE LICENSEE COMPANY.....

LICENCE TYPE AND LICENCE NO.....

SERVICE AREA.....

QUARTER ENDING..... OF FINANCIAL YEAR.....

S.NO.	PARTICULARS	REMARKS (Y/N)
1	Audited AGR showing operator wise detail in:- a) Revenue b) Deduction portion.	
2	LF paid details including copies of Challans	
3	Duly authenticated details of deductions claimed towards IUC on actual payment basis. .	
4	Duly authenticated details of deductions claimed towards Roaming on actual payment basis. .	
5	PSTN Details a) Operator-wise Payable Invoices. b) Operator-wise Receivable Invoices. c) Payment proof i.e. Bank Statement indicating the name of the operator duly signed by the Bank/receipts/Cheque/DD etc.	
6	Roaming Details a) Operator-wise Payable Invoices. b) Operator-wise Receivable Invoices. c) Any other supporting document required by the CCA office. d) Payment proof i.e. Bank Statement of first two pages (should not be blank) duly signed by bank authorities and all pages signed by the authorized signatory of the Licensee Company. e) Proof of payment/adjustment made in accordance with the License Agreement.	
7	Duly authenticated details of deductions claimed towards Service Tax on provision of service actually paid to the Government if gross revenue had included the component of Service Tax. Payment proof of thereof is also required.	

8	Duly authenticated details of deductions claimed towards Sales Tax actually paid to the Government if gross revenue had included the component of Sales Tax. Payment proof of thereof is also required.	
9	Duly authenticated details of deductions claimed towards ADC, if applicable and payment proof of thereof.	
10	TDS, proof of tax deposit to IT Department along-with Copies of consolidated challans alongwith copy of complete Form 26Q, Circle-wise break up of challans and further break up of concerned circle's amount deposited with Income Tax through challans be submitted alongwith a certificate from Statutory/Tax Auditor certifying quarter-wise consolidated amount of Challans and amount TDS deposited with Income Tax Department	
11	Soft copies of IUC details claim sheet on actual paid basis and payment proof in prescribed proforma.	
12	Auditor's certificate to the effect that IUC invoices are non inclusive of Port or Leased Line charges.	
13	Copy of the Board Resolution authorising the Authorised Signatory of the Licensee Company mentioning the Service Area for which Authorised Signatory has been authorised.	
14	Certificate regarding list of all the Group companies/division under single legal entity.	
15	In the case of Intra-company adjustment, copy of ledger, copy of invoices and Statutory Auditor's certificate in support of adjustment along with Annexure-AG.	
16	Details of inter company transactions in Annexure AO alongwith copy of invoices	
17	In case of disputed part payment claims - Annexure - PP	
18	Copy of the General Power of Attorney for certifying the Authorised Signatory of the Licensee Company.	

FORMAT FOR MAPPING BANK TRANSACTIONS WITH INVOICES - INTER COMPANY SETTLEMENT (DIFFERENT LEGAL ENTITIES)

ANNEXURE - AO

Name of Licensee :	
Service Area:	
Financial Year:	
Quarter :	

S.No.	Qtr	IUC Payable to (Name of Licensee Company)	Service Area for which invoice raised	Payable								Receivable								Payment Details								
				Invoice Number	Payable No of Invoice in mapping	Invoice Month and Year	IUC Cost as per Operator (Payable)	IUC Cost Passed by operator	Total Service Tax	Total Cost	TDS on Cost/Claim	Net Cost (Net Payable)	Receivable from (Name of Licensee Company)	Invoice Month and Year	Receivable S No of Invoice in mapping	IUC Revenue including Service Tax (Receivable)	IUC Cost actually received	TDS on receivable amount	Net Receivable	Amount Payable/ Receivable	Net Amount Paid	Cheque No./ RTGS etc.	Cheque Date	Pay out Bank	Clearing Date	Deduction Claimed	S.No. in Bank Statement	Quarterly Deduction Claimed
1	Q1																											
2	Q1																											
3	Q2																											
4	Q2																											
5	Q3																											
6	Q3																											
7	Q4																											
8	Q4																											
Total Claim Amount																												

In case invoice generation is not possible then number of debit or credit note (as the case may be) shall be mentioned in invoice number.

Signatures.....
 Authorised Signatory of the Licensee Company

Signatures.....
 Statutory Auditor of the Licensee Company

FORMAT FOR MAPPING BANK TRANSACTIONS WITH INVOICES - INTRA COMPANY SETTLEMENT (SAME LICENSEE COMPANY/LEGAL ENTITY)

ANNEXURE - AG

Name of Licensee :
 Service Area:
 Financial Year:
 Quarter :

Sl. No.	Cb	IUC Payable to (Name of Licensee Company)	Service Area for which invoice raised	Payable									Receivable							Payment Details								
				Invoice Number	Payable No of Invoice in mapping	Invoice Month and Year	IUC Cost as per Operator (Payable)	IUC Cost Passed by operator	Total Service Tax	Total Cost	TDS on Cost/Claim	Net Cost (Net Payable)	Receivable from (Name of Licensee Company)	Invoice Month and Year	Receivable No of Invoice in mapping	IUC Revenue including Service Tax (Receivable)	IUC Cost actually received	TDS on receivable amount	Net Receivable	Amount Payable/ Receivable	Net Amount Paid	Cheque No./RTGS etc.	Cheque Date	Payment Bank	Clearing Date	Deduction Claimed	S.No. in Bank Statement	Quarterly Deduction Claimed
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
1	Q1																											
2	Q1																											
3	Q2																											
4	Q2																											
5	Q3																											
6	Q3																											
7	Q4																											
8	Q4																											

In case invoice generation is not possible then number of debit or credit note (as the case may be) shall be mentioned in invoice number.

Signatures.....
 Authorised Signatory of the Licensee Company

Signatures.....
 Statutory Auditor of the Licensee Company

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Proforma for Partly paid Invoices

Licensee:

Service Area:

Financial Year:

Quarter:

Details of partly paid invoices during the current quarter.

Sl. No.	Name of Licensee Company	Service Area for which invoice raised	Invoice Number and date	Total Amount of Invoice	Amount paid against the Invoice	Balance amount of the invoice	Date of balance payment
1	2	3	4	5	6	7	8

Certified that the above details are regarding partly paid invoices, deductions for the balance payment will be claimed in the quarter in which balance payment is made.

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

No.1-28/2013/CCAs/LF-II
GOVERNMENT OF INDIA
DEPARTMENT OF TELECOMMUNICATIONS
LICENSING FINANCE ASSESSMENT WING

Dated: 04.03.2015
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OFFICE MEMORANDUM

Subject: Clarifications on Deduction Verification – Queries raised by CCA offices¹ and TSPs².

With reference to the above mentioned subject, I am directed to convey the following clarifications in supersession of the earlier O.M. of even number, dated 07.11.2014 for necessary action by all concerned.

Query raised	Clarification
1. While verifying payment proofs, CCA offices are insisting for Invoice/Bill/Voucher of other operator along with netting off statement.	Claim of net settlement are to be submitted in Annexure AO ³ and AG ⁴ , duly certified by the authorized signatory of the Licensee at the end of every quarter, and by the statutory auditor of the Licensee at the end of the year for the relevant financial year, along with copies of vouchers/debit-credit notes/ invoices and extract of Ledger ⁵ duly certified by the authorised signatory of the Licensee. <i>The formats AO and AG shall be applicable from the FY⁶ 2015-16.</i>

¹ Controller of Communication Accounts (which includes the office of Principal CCAs and Joint CCAs also)

² Telecom Service Providers (Licensees)

³ AO- Format for reporting transactions with other operators.

⁴ AG- Format for reporting transactions within the same Licensee Company

⁵ Ledger- is the copy of relevant pages of ledger with journal entries on it and not the excel sheet summary of transactions.

⁶ FY- Financial Year

<p>2. Most of the CCAs insist for original Bankers' Certificate certifying each of the payment made for pass through charges specifying the name of payee and other details. Computer generated Bank statement may be accepted as proof of payment mentioning either cheque number/account number or name of operator as beneficiary. Banks take 3 – 4 weeks time for preparation of statements. This is in case when the period is recent. The older is the period the greater is the time required for certification.</p>	<p>Relevant pages of the bank statement showing relevant payments whether issued by bank or downloaded from the bank's website shall be signed by the bank authorities and authorized signatory of the Licensee. Licensee should show the relevant transactions by mapping of relevant transactions in prescribed format – AO and AG. In Annexure AG where settlement is done through adjustments, bank detail columns may be left blank. Requirement of bankers' certificate indicating the name of the payee for transactions where name of payee is not available in bank statement cannot be dispensed with. Licensees will have to submit the certified bank statement or banker's certificate or both, as the case may be, showing the transaction and breakup of the transaction amount for old cases up to FY 2013-14 (where deduction verification is pending due to bank statement related issues) by 30.05.2015, failing which deductions claimed will be disallowed.</p>
<p>3. For TDS⁷ deposit, following documents are being insisted upon as proof:</p> <ul style="list-style-type: none"> - Copies of TDS certificates with individual transaction mapping. - TDS Returns (proof that it is deposited with IT). - A Certificate from the tax/statutory auditors certifying such forms. 	<p>In such instances operators may submit following documents duly signed by the Authorised Signatory of the Licensee:</p> <ul style="list-style-type: none"> (a) Copy of consolidated Challans along with copy of Corresponding Forms 26Q. (b) LSA⁸ wise break up of consolidated challans. (c) Further transaction wise break up of concerned LSA's amount mentioned in point (b) above. (d) Annual certificate from Statutory or Tax Auditor, certifying the correctness of breakup given in point (b)

⁷ TDS- Tax Deducted at Source

⁸ LSA- License Service Area.

	and (c) above.
	(e) Mapping of returns with individual transaction cannot be dispensed with. Alternately operator may map the breakup of concerned LSA's amount provided in details at point (b) & (c) above.
	(f) Soft copy of Form 26Q & its annexure shall also be provided in MS excel (2007 format).
	(g) In old cases up to FY 2014-15 Form 16A may be accepted in place of Form 26Q along with breakup of amount and documents mentioned in point (b), (c) and (d) here above.
4. Payment of Tax Deduction in terms of Tax Laws but due date falling in subsequent quarter.	If deducted TDS is deposited up to the prescribed due date ⁹ , then the deduction will be allowed in the same quarter for which it relates i.e. if the TDS deducted in quarter of January to March and deposited by 30 th April i.e. due date prescribed for deposit, then deduction will be allowed in January to March quarter i.e. same financial year. In case deducted TDS deposited after prescribed due date then deduction will be allowed in next quarter/financial year.
5. Disallowance of total expense if separate TDS proofs not submitted	a) In cases where payment proofs are submitted except TDS proof, in such cases amount for which proofs are submitted will be allowed as deduction except TDS part. Licensee has to provide information of such invoices in Annexure-PP ¹⁰ to claim such partial deduction. If Licensee submits proof of TDS up to 30th June of

⁹ Prescribed due dates- for deposit of TDS

7th of every month in case of TDS for April to February and 30th April in case of TDS for March. These dates shall be extended if Income Tax Department extends the dates but it shall not include the extension after paying penal interest.

¹⁰ PP- Format for reporting transactions of part payments due to dispute, absence of TDS proof or settlement at amount lower than the invoice amount.

succeeding Financial Year by linking it with Annexure-PP then same may be allowed, if found justified. Partial claims due to TDS shall not be allowed to be carried forward to the succeeding financial year.

b) In cases where final payment is made at amount lower than the invoice amount, in such cases, amount for which payment proofs are submitted will be allowed as deduction. Licensee has to provide information of such invoices in Annexure-PP to claim such partial deduction during the financial year. Partial claims due to this shall not be allowed to be carried forward to the succeeding financial year.

c) When TDS is deposited in previous quarter and claimed in subsequent quarter, In such cases, it will be allowed in subsequent quarter in which claim is made subject to producing linkage between the invoice and TDS reflected in Form 16A(up to FY 2014-15)/26Q.

6. Intra -company¹¹ and Inter-company settlement¹²

Intra-company settlements (Same Licensee Company) are allowed on the basis of submission of Annexure - AG with extract of ledger, duly certified by the authorized signatory of the Licensee at the end of every quarter and by the statutory auditor of the Licensee at the end of the FY along with copies of vouchers/debit - credit notes/invoices duly certified by the authorised signatory of the Licensee.

¹¹ *Intra- company Settlement*

Intra Company settlements are those which occur within same legal entity. For example, transactions between RCOM, Delhi and RCOM UP (East) or transactions between Vodafone South Ltd, AP and Vodafone South Ltd., Karnataka. (PS: Names of Licensees used above are for illustration purpose only.)

¹² *Inter- company Settlement*

Inter- company settlements are those which occur between two separate legal entities. For example transactions between RCOM and RTL or transactions between Vodafone Ltd and Vodafone South Ltd. or transactions between Bharti Airtel Ltd. and Idea Cellular Ltd. etc. Pass through charges between two legal entities may be routed through the bank only and not through mere account adjustment.

	<p>Inter-company settlements are allowed on the basis of submission of Annexure - AO duly certified by the authorized signatory of the Licensee at the end of every quarter and by the statutory auditor of the Licensee at the end of the FY along with copies of invoices duly certified by the authorised signatory of the Licensee. Licensee shall invariably and clearly mention the name of parties on invoice. Pass through charges between two legal entities need to be routed through bank only and not through mere ledger adjustments.</p>
7. Inter-Service Area/ Intra- Service Area settlements within same legal entity.	Same as mentioned above in point 6 for intra-company settlements.
8. Re-verification being rejected.	The issue has already been settled through clarifications of OM number dated 01.11.2012 and 26.09.2013.
9. Reopening of cases on demand-cum-SCN ¹³ . After completing the assessment, CCAs are not sharing the disallowance details with operators.	CCA offices have already been advised vide O.M. of Dated 01.11.2012 and 26.09.2013 to give reasoned orders in respect of disallowed deductions. In case of any deviation noticed by the Licensee the same may be brought to the notice of CCA concerned endorsing a copy to LFA¹⁴ Wing of DoT (HQ). In case of Demand cum SCN issued after assessment the clarifications issued vide D.O. No. 1-28/2013/CCAs/LF-II dated 22.08.2014 shall apply.
10. In the matter of International Roaming, the entire claim is getting disallowed by the CCA offices.	As per definition of Service Provider given in UAS Licence Agreement (Item No.57 of Annexure – I), "Service Provider means Telecom Service Provider licensed under Section 4 of the Indian Telegraph Act 1885 for provision of service".Therefore, deductions on account of IUC¹⁵/Roaming/Pass through charges actually paid and

¹³ SCN- Show Cause Notice

¹⁴ LFA- Licensing Finance Assessment

¹⁵ IUC-Interconnection Usage Charges

	claimed by Licensee may be allowed, if the same is paid to the eligible telecom service providers who are covered by the definition mentioned above.
11. Amount paid in previous quarter but claimed in subsequent quarters and amount claimed in previous quarter but paid in subsequent quarters.	As a matter of principle the deductions claimed for which payments have not been made shall be disallowed. However, the payments made in the previous quarter may be allowed in subsequent quarter subject to submission of required proofs.
12. Restriction of admissible pass-through amount to the extent of amount shown in the Audited AGR ¹⁶ statement.	Deductions allowed should not be more than the deductions claimed through Audited AGR statements (Audited Statements of Revenue and Licence Fee).
13. There are some settlements of some operators which are being carried out at corporate office level for all their circles. Corporate is exchanging single payment with other operators and debit / credits are being passed on to respective circles. Some of the CCA offices are disallowing such deductions although circle-wise breakup of the settlement amount is provided to them along with bank statement of Corporate.	<p>In cases where transaction is made through single payment at corporate level then the following documents should be produced by the licensee in support of their claim:</p> <ul style="list-style-type: none"> (a) Copy of proof of payment. (b) License service Area wise break up of single payment mentioned in (a) above. (c) Further transaction wise break up of (b) above. (d) A certificate from authorised signatory certifying the correctness of breakup given in point (b) and (c) as per the given format: <p style="text-align: center;"><i>"On behalf of Licensee (name of license company), I (name, designation, address, mobile no.) Certify that Rs..... (Amount) pertains to admissible deductions allowed under clause of Licence Agreement and bear the responsibility for correctness of above mentioned consolidated payment of</i></p>

¹⁶ AGR- Adjusted gross Revenue

Rs.....(amount)"

(e) Mapping of payment mentioned in 13(a) with Annexure AO/AG.

14. As per existing practice timelines of 15 days is allowed for submission of documents.

Licensees can submit quarterly documents along with the **check list in prescribed proforma¹⁷** within **45 days** from the date of payment of quarterly license fee of relevant quarter as under:

Quarter	Last date of payment of quarterly Licence Fee	Last date of submission of documents in support of deductions claimed.
1 st Quarter	15 th July	31 st August
2 nd Quarter	15 th October	30 th Nov
3 rd Quarter	15 th January	28 th /29 th Feb
4 th Quarter	15 th April	31 st May

15. **Submission of documents and audited AGR on quarterly basis.**

It is clarified that quarterly statements of revenue and license fee shall be on self assessment basis only and to be submitted as per the time limit prescribed in item no. 14 above. The audited AGR has to be submitted at the end of FY along with the annual statement of revenue & license fee.

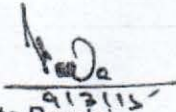
16. **Payment of Service Tax** - one of the Licensees has central registration for tax payable for each month for each of the Circles. The data is extracted from the ERP system and the same is discharged centrally covering all circles on or before the due date either by adjustment through CENVAT credit or cash payment wherever applicable. Further, the information is vetted and certified by statutory auditors in the AGR Audit certificate with the following noting in their

Licensee shall maintain and provide circle wise details of Service Tax billed, collected and paid/deposited with Government, failing which deduction shall be disallowed.

¹⁷ Check list in prescribed proforma (attached)

<p>certificate as "Payment has been duly made by the company within the due dates available for payment and that Service tax value considered in the Gross Revenue & in the Deductions are same. Hence there is no impact on AGR values."</p>	
<p>17. Supporting documents need to be signed by designated authorized signatory.</p>	<p>Authorized signatory shall be the person authorized by a valid Board Resolution duly certified by the Company Secretary of the Licensee. Such Board Resolution should contain authorized signatory's complete identification details, designation, address, contact no. etc. The Board may nominate two authorized signatories for each LSA for certifying the documents and any subsequent change to be intimated to the concerned CCA office within 15 days.</p>
<p>18. Consolidated payments – proof of payments other than deductions claimed – required or not.</p>	<p>In such cases of consolidated payments, invoices related with items other than deductions allowed under license agreement e.g. management consultancy, Port charges need not be verified for the purpose of determining allowable deductions. However, the authorized signatory will have to submit an undertaking in the format prescribed at Item No. 13 above.</p>
<p>19. Amount shown in the auditor's certificate differs from the amount claimed</p>	<p>Deductions shall be restricted of the lower of amount shown in auditor's certificate and audited AGR statements.</p>
<p>20. Some of the CCA offices are not accepting the standard format prescribed through letter No. 1-28/2006/LF dated 10.12.2013 for submission of documents for verification of deductions claimed for the period earlier than year 2013-14.</p>	<p>CCA offices can accept the documents up to the FY 2014-15 either in the format prescribed earlier or in the new format prescribed in this OM, if the deduction verification process has not been started for the concerned FY.</p>
<p>21. Requirement of Statutory Auditor's certificate should be dispensed with in case of items of revenue against which netting off is done such as Foreign Currency Gains, interests etc.</p>	<p>Where netting off is done in books of accounts, statutory auditor's certificate is required to be submitted to the Licensor (CCA) certifying the gross amounts of the items</p>

	of revenue against which netting off is done.
22. BSNL charges annual charges invoices for decreasing the call rates. Annual charges paid to BSNL are admissible for deductions or not.	Annual charges paid to any other operators are in the nature of expense and not allowed as deductions.


 (Srikanta Panda)
 DDG (LFP)-LO

Copy to:

1. PPS to Member (Finance), DoT (HQ), Sanchar Bhawan, New Delhi
2. PSO to Advisor (Finance), DoT (HQ), Sanchar Bhawan, New Delhi
3. All Pr. CCAs and CCAs for necessary action.
4. Sr. DDG (WPF), DoT (HQ), Sanchar Bhawan, New Delhi.
5. DDG (LFP), DoT (HQ), Sanchar Bhawan, New Delhi.

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COMPILATION OF LETTERS

ISSUED ON LICENSING

FINANCE RELATED ISSUES

(ISSUED BETWEEN 30.01.2001 TO 22.08.2014)

COMPILED BY

LICENSING FINANCE-II BRANCH (ASSESSMENT) OF DoT