



COMPENDIUM
OF
ORDERS/CLARIFICATIONS ISSUED BY
LFA DIVISION (DOT HQ)
OCTOBER 2014 TO MARCH 2023

LFA DIVISION
DOT (HQ)

Department of Telecommunications

Compendium of Instructions/Circulars/Orders and Clarifications issued by LFA Wing, DoT HQ for the period from Oct 2014 to Mar 2023.

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

Dated: 31.10.2014

To

All Pr.CsCA/CsCA

Subject: Guidelines for verification of the deductions claimed by Telecom Service Providers.

Verification of deductions claimed by the Telecom Service Providers was delegated to CCA offices vide this office letter No. 1-28/2006/LF dated 21.09.2006. In the absence of consolidated guidelines, CCA offices have been raising various queries generally on the documents required for verification, timeline for submission of documents by the TSPs and extension of time for submission of original as well as about additional documents during the course of verification of deduction claimed by the Telecom Service Providers.

In order to address the issues, guidelines have been drafted after observing a detailed consultation process.

Guidelines are being issued with the approval of Member (Finance), Telecom Commission and ex-officio Secretary to Government of India.

All the CCA offices are requested to scrupulously follow the guidelines for verification of deductions. These guidelines are applicable for the verification of deductions claimed from the year 2014-15 onwards.

Any suggestion to further improve the guidelines in future may be sent to DDG (LFA).

Encl.: As above


(S.K. Mishra)
DDG (LFA)

Copy for information to:

1. PPS to Member (Finance), Telecom Commission, DoT Sanchar Bhawan, New Delhi
2. PSO to Advisor (Finance), DoT Sanchar Bhawan, New Delhi
3. Sr. DDG (WPF)/DDG (LFP)/DDG (EF)/ DDG (B & PF) and DDG (Accounts & IA), DoT Sanchar Bhawan, New Delhi.

Guidelines for verification of the deductions claimed

(For internal circulation only)

Assessment of the License Fee in Telecom

LICENSING FINANCE ASSESSMENT DIVISION
Department of Telecom
Ministry of Communications and Information Technology

DISCLAIMER

The Guidelines in this document have been drafted as a ready reckoner for ease in internal departmental work, drawing upon and abridging the various types of documents, orders, licence agreements and judgments. Nothing contained herein may be construed as superseding the original documents/orders (which may always be referred in case of doubt or difficulty).

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Interpretations and Definitions

1. **Auditor:** Licensee's auditor for the time being appointed for the purpose and in accordance with the provisions of the Companies Act, 1956.
2. **Authorised Signatory:** A person authorized by resolution passed by the Board of Directors of the Licensee Company.
3. **Deductions:** Amounts actually paid to other eligible Telecom Service Providers as per Clause 19.2 of UAS Licence Agreement and similar clause in other Telecom Licences and claimed through Unaudited and Audited quarterly Statements of Revenue and Licence Fee (AGR statements).
4. **Deduction Verification:** Verification of deductions which are claimed through Unaudited and Audited quarterly Statements of Revenue and Licence Fee (AGR statements), by the verifying authority (i.e. office of the Controller of Communication Accounts of concerned Licensed Service Area), on the basis of documents submitted by the Licensee as proof of payments.
5. **Designated Authority:** The entity that is authorised and empowered by the Licensor to issue instructions and to seek adherence to them.
6. **Documents:** Documents as specified in Rule 1(a) and 1 (c) of these Guidelines.
7. **DOT:** Department of Telecommunications, Government of India which is also the Licensor. DoT & Licensor, wherever used are inter-changeable.
8. **HOME NETWORK:** The network established by the Licensee from which its subscriber normally receives the service.
9. **INTERCONNECTION:** As defined/may be defined by the TRAI in its relevant regulations.
10. **INTER – CIRCLE TRAFFIC:** The Long Distance traffic originating in one Telecom Circle/Metro Area and terminating in another Telecom Circle/Metro Area.
11. **INTRA- CIRCLE TRAFFIC:** The traffic originating and terminating within boundaries of the same Telecom Circle/Metro Area
12. **LICENCE:** License means a License granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.
13. **LICENCE FEE:** A Fee payable by Licensee at prescribed intervals and rates for the period of the License.
14. **LICENSEE:** A registered Indian Company that has been awarded License to provide service(s) authorized under the License, within the geographical boundaries of the specified Service Area.
15. **LONG DISTANCE CALL:** A call terminating in a local area other than that in which it is originated

16. **OTHER SERVICE PROVIDER (OSP):** Indian company registered with DoT to provide application services like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, Call center, network operation centre and other IT enabled services by using telecom facilities provided by various Telecom Licensees.
17. **PUBLIC SWITCHED TELEPHONE NETWORK (PSTN)** means a specified switched public telephone network providing fixed and/or limited mobility two-way switched telecommunications service to the general public.
18. **ROAMING:** Facility to a customer to avail services subscribed in its home network, while travelling outside the geographical coverage area of the home network, by means of using a visited network.
19. **SERVICE:** Collection, carriage, transmission and delivery of messages over Licensee's network in Service Area as per authorization under this License.
20. **SERVICE AREA:** The specified geographical area for which service authorization has been granted under this license. For NLD, ILD, VSAT, INSAT MSS-R, GMPCS, IPLC and ISP Category "A" services, the service area is geographical area of the country. For Access Service, PMRTS and ISP Category "B" services, the service area is geographical area of a Telecom Circle/Metro. For ISP Category "C" services, the service area is geographical area of an SSA.
21. **SERVICE PROVIDERS:** Telecom Service Provider licensed under Section 4 of the Indian Telegraph Act 1885 for provision of service
22. **SPECIAL AUDITOR:** Auditors listed in the panel of Auditors having same powers as of the company's AUDITOR as envisaged in the Companies Act, 1956.
23. **YEAR** for the purpose of the License Fee shall be the financial year ending 31st March and the four quarters shall respectively end on 30th June, 30th September, 31st December and 31st March.

Guidelines for Verification of Deductions claimed by Telecom Service Providers

1. QUARTERLY SUBMISSION OF DOCUMENTS FOR VERIFICATION OF DEDUCTIONS

a. Submission of quarterly documents by the Licensees

- i) Check List for submission of documents
- ii) Quarterly Statements of Revenue and Licence Fee (Unaudited) alongwith payment of quarterly Licence Fee.
- iii) Operator-wise Quarterly details of deductions claimed towards PSTN/Roaming charges passed on to other Telecom Service Providers on actually paid basis.
- iv) Payment proof i.e. Invoices, Cheque/DD receipts from the receiving party as proof of payment.
- v) Bank Statement indicating the name of the operator duly signed by the Authorised Signatory of the Bank/Licensee Company.
- vi) Certified copy of the ledger in case of Intra-Company settlement along with copy of invoices/Debit-Credit notes and Annexure-AG.
- vii) Details of inter company transactions in Annexure AO alongwith copy of invoices
- viii) Annexure – PP
- ix) Copy of the Board Resolution authorising the Authorised Signatory of the Licensee Company mentioning the Service Area for which Authorised Signatory has been authorised.
- x) Copy of the General Power of Attorney for certifying the Authorised Signatory of the Licensee Company.
- xi) Certificate regarding list of all the Group companies/division under single legal entity.
- xii) 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.

b. Schedule for filing of Documents in support of DEDUCTIONS claimed through QUARTERLY Statements of Revenue and Licence Fee:

Quarterly documents should be submitted within one month from the date of payment of quarterly Licence 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 st November
3 rd Quarter	15 st January	15 th February
4 th Quarter	15 th April	15 th May

c. Submission of Audited documents on annual basis

- i) Audited Annual Accounts,
- ii) Audited Quarter-wise Statements of Revenue and Licence Fee (AGR Statements) in prescribed format **APPENDIX –II TO ANNEXURE-II of UAS Licence Agreement** (Clause 20.4) alongwith Auditor's Report on Statement of Revenue and Licence Fee in the prescribed format **APPENDIX –I TO ANNEXURE-II of UAS Licence Agreement** (latest by 7th October)
- iii) Audited Reconciliation statement reconciling the Revenue reported in the Quarterly Statement of Revenue & Licence Fee and Audited Annual Accounts shall be submitted within 7 days of signing of annual statutory audit report but not later than 7th October of the year following the financial year being assessed; duly supported by the Audited Quarter-wise Licensee-wise details of pass-through and roaming charges claimed as deductions by the Licensee,
- iv) Audited Quarter-wise Licensee-wise details of Revenue on account of pass through charges receivable from other Telecom Service Provider (TSP)(s)
- v) Audited details of Service Tax, Sales Tax billed, collected and paid etc. as defined in the Licence Agreement

- vi) Audited details of Service Tax and Sales Tax, billed, collected and actually paid etc. as defined in the Licence Agreement, if gross revenue had included as component of Sales Tax and Service Tax.
- vii) Quarter-wise Annexures AO, AG and PP duly signed by the Authorised Signatory and Annexure AO/AG should also be certified by the Statutory Auditor of the Licensee Company.
- viii) Certificate from Statutory/Tax Auditor certifying quarter-wise consolidated amount of Challans and amount of TDS deposited with Income Tax Department.
- ix) Any other document required by the Controller of Communication Accounts (CCA) office for ascertaining the accounts/adjustments reported as above.

All the documents as mentioned above should be submitted to the CCA offices within the time frame mentioned above, failing which action under the provisions of concerned license agreement shall be taken. For UAS Licence Agreement such action shall be taken under clause 21.5. Before taking any such action a show cause notice may be issued by the Dy. CCA/Jt CCA concerned to the Licensee giving them time of 15 days from the date of issue of notice. Further decision on the reply of the Licensee should be disposed with a reasoned order at the level of an officer not below the level of Dy.CCA/Joint CCA within a period of 30 days from the receipt of reply to notice.

2. DOCUMENTS TO BE SUBMITTED FOR DEDUCTION VERIFICATION

- a. All documents, duly certified by the Authorised Signatory of the Licensee Company, should be submitted alongwith check list in prescribed proforma for submission of documents.
- b. Photocopies of invoices duly signed by the Authorised Signatory
- c. Payment proof duly signed by the Authorised Signatory
- d. In cases where Licensee claims deduction without submitting complete documents, claim shall be disallowed. However, if the licensee submits the payment proof/other documents with respect to disallowed amount in response to show cause notice issued by the CCA office concerned, then such amount may be allowed by an authority not below the rank of Jt. CCA/CCA of concerned Circle.
- e. Certified copy of the ledger in case of Intra-Company settlement along with Annexure-AG.
- f. Certified copy of the statement of net settlement in Annexure-AO in case of Inter-Company settlement.
- g. Certified copy of Statement of part payments made in annexure – PP in case of part payments made due to billing disputes.
- h. Certified 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 through challans be submitted alongwith a certificate from Statutory/Tax Auditor certifying quarter-wise consolidated amount of Challans and amount paid to Government
- i. Complete Bank statements (with running page numbers) showing relevant payments, of which 1st & last page (should not be blank) shall be signed by the Bank Authorities and all pages signed by the Authorised signatory of the Licensee Company.

3. EXTENSION OF TIME LIMIT FOR SUBMISSION OF DOCUMENTS

- a. Licensee shall strictly adhere to aforementioned time-line limits for submission of documents.

- b. If due to unavoidable reasons it is not possible for Licensee to deposit the documents within prescribed time limit then it may request the Jt.CCA (Revenue) concerned for extension in writing mentioning the reason for delay.
- c. Jt. CCA concerned may grant two extensions up to 15 days each, after the dates mentioned at 1 (b) above for submission of documents on the merit of the case. 3rd extension up to 15 days in exceptional circumstances may be granted only by the CCA concerned.
- d. No further extension beyond 45 days will be granted by the office of the CCA concerned and amounts for which complete documents have not been submitted will be disallowed by the CCA office.

4. DEPOSITION OF LICENSE FEE

- a. Self assessed Licence Fee so calculated on quarterly AGR, as per terms and conditions of the Licence Agreement, shall be deposited with the concerned CCA office through Demand Draft or using e-payment mode to Government of India.
- b. If payment is made using e-mode copy of payment proof of payment shall be submitted with concerned CCA office.

Explanation: Concerned CCA office shall be the office located in the Licensed Service Area/telecom circle in which License is operating or as specified by DoT.

- c. Following shall be the date for deposition of fee for each quarter:

Quarter	Last date of Quarter	Last date of Deposit*
1 st Quarter	30 th June	15 th July
2 nd Quarter	30 th September	15 th October
3 rd Quarter	31 st December	15 th January
4 th Quarter	31 st March	On the basis of expected revenue for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter, by 25th March and balance on Actual Revenue payable (on accrual basis), by 15th April

5. TIME LIMITS FOR DEPOSITING PAYMENTS:

- a. The above mentioned time limit shall be adhered strictly.
- b. Extension or extensions beyond above time limits shall not be granted to Licensee by the CCA office
- c. If the last date of deposition of Licence Fee happens to be a public/bank holiday, working day preceding the public/bank holiday will be deemed to be the last date of deposition of Licence Fee.
- d. For delayed payment licensee shall pay interest as per terms and conditions of Licence Agreement on due amount.
- e. If due amount is not known then interest shall be payable on Licence Fee on Adjusted Gross Revenue of preceding quarter till license fee is ascertained.
- f. If Adjusted Gross Revenue of preceding quarter is also not available then interest shall be payable on Licence Fee as per Adjusted Gross Revenue as assessed by officer not below the rank of Director or Joint CCA.

Provisions of presumptive Licence Fee under Unified Licence:

- **Clause 18.2.2 of UL:** In case the Licensee obtains access spectrum for operation of any authorized service in a service area, a 'presumptive AGR' for that authorized service and service area shall be arrived at in accordance with the relevant provisions of the Notice Inviting Application (NIA) document of the auction of spectrum or conditions of spectrum allotment/ Letter of Intent as the case may be. The License Fee based on presumptive AGR shall be applicable from the date of issue of Letter of Intent earmarking such spectrum or the effective date of the license/authorization, whichever is later. The Licensee shall, in such cases, pay the license fee on the presumptive AGR or actual AGR or the minimum license fee referred in condition 18.2.1, whichever is higher.
- In case, the Licensee obtains spectrum for any service and service area in different bids, the total presumptive AGR shall be the sum of the presumptive AGRs calculated on the basis of the respective Bid amounts as prescribed in the respective NIA or conditions of spectrum allotment/Letter of Intent as the case may be.
- Provided that, for the spectrum obtained in the auctions conducted in November 2012 and March 2013, the presumptive AGR, for Access services shall be equal to 5% of sum of the total bid amount by the Licensee for the respective Service Area

6. TIME LIMITS FOR COMPLETING THE DEDUCTION VERIFICATION WORK OF A PARTICULAR YEAR

- a. Verifying Authority shall ordinarily complete the verification process within 60 days of the last date for submission of documents by Licensee. Verifying authority shall intimate the Licensee within 15 days of completion of deduction verification process about disallowed invoices through a speaking order.
- b. Deduction verification process shall be completed by 31st December of subsequent Financial Year so that Assessment w.r.t. a particular year could be completed by 31st March of the following financial year.
- c. If Licensee fails to submit the relevant records for verification of deductions claimed till the last date as prescribed above, then the deduction verification orders would be finalised by the concerned CCA office through a speaking order without giving any further opportunity.
- d. Deduction verification orders may be signed by a gazetted officer of the CCA office concerned after obtaining due approval in file recording the detail the rationale of accepting or rejecting the deductions claimed. Every order should be a speaking order with appropriate reasons as per circular No. 1-28/2006/LF dated 01.11.2012. The speaking order should also mention the time limits, extension(s) granted, shortcomings in the documents and other such correspondence with the Licensee to seek any information/document and Licensee's response so as to bring out clearly the opportunities given to him before final order. Deduction verification report may be sent to DDG (LFA), DoT (HQ) enclosing the speaking order issued to the Licensee.

7. EXTRACT OF ENABLING LICENCE PROVISIONS IN LICENCE AGREEMENTS

1. PROVISIONS OF UNIFIED ACCESS SERVICE LICENCE & UNIFIED LICENCE

(a) UNIFIED ECCESS SERVIC LICENCE (UASL)

Clause 5: Modifications in the Terms and Conditions of Licence

Clause 5.1: The LICENSOR reserves the right to modify at any time the terms and conditions of the LICENCE, if in the opinion of the LICENSOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the telegraphs. The decision of the LICENSOR shall be final and binding in this regard.

Clause 9: Requirement to furnish information:

Clause 9.1: The LICENSEE shall furnish to the Licensor/TRAI, on demand in the manner and as per the time frames such documents, accounts, estimates, returns, reports or other information in accordance with the rules/ orders as may be prescribed from time to time. The LICENSEE shall also submit information to TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 or an amended or modified statute.

Clause 16: General:

Clause 16.1: The LICENSEE shall be bound by the terms and conditions of this Licence Agreement as well as by such orders/directions/regulations of TRAI as per provisions of the TRAI Act, 1997 as amended from time to time and instructions as are issued by the Licensor/TRAI.

Clause 18.2 Licence Fees:

18.2: In addition to the Entry fee described above, the Licensee shall also pay Licence fee annually @ 8% of Adjusted Gross Revenue (AGR), excluding spectrum charges. The Licensor reserves the right to modify the above mentioned Licence Fee any time during the currency of this Agreement.

Clause 18.3 Radio Spectrum Charges:

18.3.1 The LICENSEE shall pay spectrum charges in addition to the Licence Fees on revenue share basis as notified separately from time to time by the WPC Wing. However,

while calculating 'AGR' for limited purpose of levying spectrum charges based on revenue share, revenue from wireline subscribers shall not be taken into account.

18.3.2 Further royalty for the use of spectrum for point to point links and other access links shall be separately payable as per the details and prescription of Wireless Planning & Coordination Wing. The fee/ royalty for the use of spectrum /possession of wireless telegraphy equipment depends upon various factors such as frequency, hop and link length, area of operation and other related aspects etc. Authorization of frequencies for setting up Microwave links by Licensed Operators and issue of Licenses shall be separately dealt with WPC Wing as per existing rules.

Clause 19: Definition of 'Adjusted Gross Revenue':

19.1 Gross Revenue:

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.

19.2 For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:

- I. PSTN related call charges (Access Charges) actually paid to other eligible/entitled telecommunication service providers within India;
- II. Roaming revenues actually passed on to other eligible/entitled telecommunication service providers and;
- III. Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax

Clause 20: Schedule of payment of ANNUAL LICENCE FEE and other dues:

20.1 For the purposes of the Licence Fee, the 1st year shall end on 31st March following the date of commencement of the Licence Agreement and the Licence fee for the First year shall be determined on a pro-rata basis for the actual duration of the "year". From second year onwards, the year shall be of Twelve English calendar months from 1st of April to the 31st March for payment of Licence Fee.

EXPLANATION: The Licence fee for the last quarter of the first year and last quarter of the last year of the Licence will be computed with reference to the actual number of days after excluding the other quarters, each being of three months.

20.2 Licence Fee shall be payable in four quarterly instalments during each financial year (FY). Quarterly instalment of licence fee for the first three quarters of a financial year shall be paid within 15 days of the completion of the relevant quarter.

This Fee shall be paid by the LICENSEE on the basis of actual revenue (on accrual basis) for the quarter, duly certified with an affidavit by a representative of the LICENSEE, authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the LICENSEE shall pay the Licence Fee by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

20.3 The LICENSEE shall adjust and pay the difference between the payment made and actual amount duly payable (on accrual basis) for the last quarter of financial year within 15 days of the end of the quarter.

20.4 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **annexure-II**, showing the computation of revenue and Licence fee payable. The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called LICENSEE'S Auditors) of the LICENSEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form as **annexure-II**.

20.5 Any delay in payment of Licence Fee payable, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment became due. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest. A month shall be reckoned as an English calendar month.

20.6 Final adjustment of the Licence fee for the year shall be made based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

20.7 A reconciliation between the figures appearing in the quarterly statements submitted in terms of the clause 20.4 of the agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements, within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in **Annexure**.

20.8 In case, the total amount paid as quarterly Licence Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable Licence Fee, it shall attract a penalty of 50% of the entire amount of short payment. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed. This amount of penalty shall be payable within 15 days of the date of signing the audit report on the annual accounts, failing which interest shall be further charged per terms of **Condition 20.5**.

20.9 The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the DoT may prescribe from time to time.

20.10 All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the LICENSEE through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by LICENSOR.

20.11 The LICENSOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in **Conditions 20.4, 20.7, 22.5 and 22.6** hereinbefore and hereinafter written.

20.12 The LICENSEE shall separately pay the access charges for carriage of calls originating in its network but carried and terminated in the Other Service Providers' networks. The LICENSEE shall also separately pay charges for network resources obtained by the LICENSEE from other licensed service providers. This will be governed by the determination of TRAI if any.

Clause 22: Preparation of Accounts.

22.1 The 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.

22.2 The LICENSEE shall be obliged to:

- a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.
- (b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the LICENSOR, stating inter-alia whether in his opinion the statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than three months at the end of the accounting period to which they relate.
- c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue as defined in condition 19 for each quarter separately along with the payment for the quarter.

22.3 (a) 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 Licence at any time without recording any reasons thereof.

22.3 (b) LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

22.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

22.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

22.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in **para 22.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies' auditors as envisaged in the Companies Act, 1956.

22.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

(b) UNIFIED LICENCE (UL)

Clause 5: Modifications in the Terms and Conditions of Licence

Clause 5.1: The LICENSOR reserves the right to modify at any time the terms and conditions of the LICENCE, if in the opinion of the LICENSOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the telegraphs. The decision of the LICENSOR shall be final and binding in this regard.

Clause 9: Requirement to furnish information:

Clause 9.1: The LICENSEE shall furnish to the Licensor/TRAI, on demand in the manner and as per the time frames such documents, accounts, estimates, returns, reports or other information in accordance with the rules/ orders as may be prescribed from time to time. The LICENSEE shall also submit information to TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 or an amended or modified statute.

16. Other Conditions:

16.1 The Licensee shall be bound by the terms and conditions of this License Agreement as well as instructions as are issued by the Licensor and by such orders/directions/regulations of TRAI as per provisions of the TRAI Act, 1997 as amended from time to time.

16.2 The Licensee shall also be bound by the prevailing instructions / directions / orders issued in respect of a service by the Licensor/ TRAI, if the same service is also being provided by the Licensee to its subscribers.

16.3 The statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act, 1933 or Information Technology Act, 2000 or, TRAI Act 1997 and the rules and regulations there under shall govern the provision of service under this license agreement. Any order passed under these statutes shall be binding on the licensee.

Clause 18.2 Licence Fees:

18.2.1 In addition to the Entry Fee, an annual License fee as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the Licensee service-area wise, for each authorized service from the effective date of the respective authorization. The License fee shall be 8% of the AGR, inclusive of USO Levy which is presently 5% of AGR.

Provided that from Second Year of the effective date of respective authorization, the License fee shall be subject to a minimum of 10% of the Entry Fee of the respective authorized service and service area as in Annexure-II.

18.2.2 In case the Licensee obtains access spectrum for operation of any authorized service in a service area, a 'presumptive AGR' for that authorized service and service area shall be arrived at in accordance with the relevant provisions of the Notice Inviting Application (NIA) document of the auction of spectrum or conditions of spectrum allotment/Lol as the case may be. The License Fee based on presumptive AGR shall be applicable from the date of issue of Letter of Intent earmarking such spectrum or the effective date of the license/authorization, whichever is later. The

Licensee shall, in such cases, pay the license fee on the presumptive AGR or actual AGR or the minimum license fee referred in condition 18.2.1, whichever is higher.

In case, the Licensee obtains spectrum for any service and service area in different bids, the total presumptive AGR shall be the sum of the presumptive AGRs calculated on the basis of the respective Bid amounts as prescribed in the respective NIA or conditions of spectrum allotment/Lol as the case may be.

Provided that, for the spectrum obtained in the auctions conducted in November 2012 and March 2013, the presumptive AGR, for Access services shall be equal to 5% of sum of the total bid amount by the Licensee for the respective Service Area.

18.2.3 The Licensor reserves the right to modify the above mentioned License fee as percentage of AGR any time during the currency of this agreement.

18.3 Spectrum Related Charges:

In case the Licensee obtains spectrum, the licensee shall pay spectrum related charges, including payment for allotment and use of spectrum, as per provisions specified in the relevant NIA document of the auction of spectrum or conditions of spectrum allotment/Lol/directions/instructions of the Licensor/WPC Wing in this regard. The spectrum related charges shall be payable in addition to the License fee.

18.4 Space Segment Charges:

18.4.1 In case of Satellite based service, the space segment charges will be payable to Department of Space (DoS) as applicable and/or as may be specified from time to time.

18.4.2 The space segment monitoring charges shall be payable to Network Operations Control Centre (NOCC) by Licensee as per the rates decided by the Licensor from time to time.

19. Definition of 'Adjusted Gross Revenue':

19.1 The Gross Revenues and Adjusted Gross Revenue (AGR) for the purpose of calculation of License fee for different services authorized under this license are defined in the respective chapters of the Service in PART-II of this Schedule. .

20. Schedule of payment of ANNUAL LICENSE FEE and other dues:

20.1 License Fee shall be payable in four quarterly installments during each financial year (FY) commencing 1st of April.

20.2 The quarter in which the effective date of license/authorization falls, shall end on the usual end date of that quarter for the purpose of license fee. The quarters where the minimum license fee or license fee based on presumptive AGR becomes applicable, and the last quarter of the license period, may not be of full three months, but of part period only.

[Explanation:

(i) For license/authorization with effective date on 13th July, the quarter will end on 30th September.

(ii) In such case the minimum license fee would become applicable w.e.f. 13th of July next year and the quarter shall end on the following 30th September.]

20.3 The minimum license fee or the license fee based on presumptive AGR, as may be applicable, as per conditions 18.2.1 and 18.2.2, for the above part-periods, shall be charged on pro-rata basis, based on actual number of days in the part period of the Quarter.

20.4 License Fee shall be payable in four quarterly installments during each financial year (FY). Quarterly installment of license fee for the first three quarters of a financial year shall be paid within 15 days of the completion of the relevant quarter. The AGR based license Fee shall be paid by the Licensee on the basis of revenue on accrual basis for the quarter, duly certified with an affidavit by a representative of the Licensee who is authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the Licensee shall pay the License Fee by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the revenue share paid for the previous quarter.

20.5 The Licensee shall adjust and pay the difference between the advance payment made and actual amount duly payable for the last quarter of financial year within 15 days of the end of the quarter.

20.6 The quarterly payment shall be made with an affidavit as at **Annexure-A** of the respective Chapter of service authorization together with a STATEMENT OF REVENUE SHARE AND LICENSE FEE separately for each service and service area in the Proforma prescribed at **Appendix-II to Annexure-A** of the respective chapter of the service, showing the computation of revenue and License fee payable. The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called Licensee's Auditors) appointed by the Licensee under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in the prescribed form as per **Appendix-I to Annexure-A** of the respective Chapter of service authorization.

20.7 Any delay in payment of License Fee, or any other dues payable under the License beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year (namely 1st April) in respect of the license fees pertaining to the said Financial Year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest. A month shall be reckoned as an English calendar month.

20.8 Final adjustment of the License fee for the year shall be made on or before 30th June of the following year, based on the gross revenue figures, the minimum License Fee or the License fee based on Presumptive AGR, which shall be submitted by the Licensee, duly certified by the AUDITORS of the Licensee in accordance with the provision of the Companies' Act, 1956.

20.9 A reconciliation between the figures appearing in the quarterly statements submitted in terms of the Condition 20.4 of the License Agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in **Annexure-B** of the respective Chapter of service authorizations. The statements and accounts submitted shall be assessed and verified by the Licensor and through its units namely Offices of Controller of Communication Accounts in respective service areas, as may be notified from time to time.

20.10 In case, the total amount paid as quarterly License Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable License Fee, it shall attract a penalty of 50% of the entire amount of short payment. However, if such short payment is made good by the licensee on its own within 60 days from the last day of the financial year, no penalty shall be imposed. In case demand for such shortfall is made by the licensor after assessment and verification as per condition 20.7, such amount shall be paid along with penalty within 15 days of issue of such demand, failing which interest shall be further charged as per terms of **Condition 20.5**.

20.11 All the charges relating to spectrum shall be payable at such time(s) and in such manner as prescribed from time to time by the Licensor/WPC Wing.

20.12 All sums becoming due and payable as mentioned in this License Agreement shall be paid by the Licensee, service and service area wise, through e-transfers or demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or at the designated office of the Controller of Communication Accounts in service areas as may be designated by the Licensor from time to time.

20.13 The Licensee shall separately pay the access charges for carriage of calls originating in its network but carried and terminated in the other Telecom Service Providers' networks. The Licensee shall also separately pay charges for network resources obtained by the Licensee from other licensed service providers. This will be governed by mutual agreement and/ or determination of TRAI, if any.

22. Preparation of Accounts:

22.1 The Licensee will draw, keep and furnish independent accounts for each service and service area and shall fully comply with any order, direction or regulation as may be issued by TRAI and rules/instructions/directions as are issued by the Licensor from time to time.

22.2 The Licensee shall be obliged, in respect of each authorized service and service area separately, to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the License period or of such lesser periods as the Licensor may specify, fairly presenting the costs (including capital costs), revenue and financial position of the Licensee's business under the License including a reasonable assessment of the assets employed in and the liabilities attributable to the Licensee's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the Licensee's Auditor in the format prescribed by the Licensor, stating inter-alia whether in his opinion the statement is adequate for the purpose of this condition and thereafter deliver to the Licensor a copy of each of the accounting statements not later than three months at the end of the accounting period to which they relate.

c) Send to the Licensor a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue as defined in condition 19 for each quarter separately along with the payment for the quarter.

d) Furnish to the Licensor full detail of inter-operator settlement of accounts eg. pass through charges, usage of network and facilities, domestic and international roaming including details of the settlement regime through accounting rate or any other mechanism, etc. All bilateral settlements including those between the ILD service provider and other foreign partners (carriers) shall be through normal banking channel in a transparent manner.

22.3 (a) 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.

22.3 (b) Licensee shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of three years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the License.

22.4 The records of the Licensee will be subject to such scrutiny as may be prescribed by the Licensor so as to facilitate independent verification of the amount due to the Licensor as its share of the revenue.

22.5 The Licensor may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the Licensee by appointing Auditor at the cost of the Licensee and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the Licensor, shall be borne by the Licensee.

22.6 The Licensor may also get conducted a 'Special Audit' of the Licensee company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the Licensor, shall be borne by the Licensee. This will be in the nature of auditing the audit described in **para 22.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies' auditors as envisaged in the Companies Act, 1956.

22.7 The Licensee shall be liable to prepare and furnish the company's annual financial accounts according to the accounting norms and principles prescribed and the directions given by the Licensor or the TRAI, as the case may be, from time to time.

22.8 The Licensor, to ensure proper and correct assessment, verification and settlement of revenue share paid, can, if deemed necessary, add, modify, alter, substitute and amend whatever stated in this Chapter, namely Chapter-III of this license. The licensee shall comply with the instructions/directions issued in this regard from time to time.

2 PROVISIONS OF NATIONAL AND INTERNATIONAL LONG DISTANCE SERVICE LICENCE

Clause 5: FEES PAYABLE

5.2 In addition to entry fee described above With effect from 1.4.2013, the annual licence fee including USO contribution shall be 8% of the Adjusted Gross Revenue.

5.3 Provided further that the fee / royalty shall be separately paid in addition by the Licensee for the use of spectrum and also for possession of wireless telegraphy equipment as per the details prescribed by Wireless Planning & Coordination Wing (WPC) which depends upon various factors such as frequency, hop and link length, area of operation and other related aspects.

Clause 6: Schedule of payment of Annual Licence Fee and other dues

6.1 For the purposes of the Licence Fee at 5.2 above, the 1st year shall end on 31st March following the date of commencement of the Licence Agreement and the Licence fee for the First year shall be determined on a pro-rata basis for the actual duration of the "year". From second year onwards, the year shall be of twelve English calendar months from 1st of April to the 31st of March for payment of Licence fee.

EXPLANATION: The Licence fee for the last quarter of the first year and of the last year of the Licence will be computed with reference to the actual number of days after excluding the earlier quarters, each being of three months.

6.2 Licence fee shall be payable in four quarterly instalments during each financial year. The quarterly instalments of licence fee for the first three quarters of a financial year shall be payable by the Licensee within 15 days of the completion of the relevant quarter of the year. This fee shall be paid by the Licensee on the basis of actual revenues (on accrual basis) for the quarter duly certified with an affidavit by a representative of the Licensee, authorised by a Board resolution coupled with General Power of Attorney. However, for the last quarter of financial year, the Licensee shall pay the licence fee by 25th March on the basis of expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid for the previous quarter. For delayed payment beyond the said due dates, penalty as stipulated in licence for delayed payments will apply. The Licensee shall adjust and pay the difference between the payment made and actual amount duly payable (on accrual basis) for the last quarter of the Financial year within 15 days of the end of the said quarter. The Licensor shall have the right to inspect books of accounts of the Licensee, and, in addition have an independent audit conducted to ascertain the correctness of the licence fee paid.

6.3. The quarterly payment shall be made together with a STATEMENT in the prescribed form given in ANNEXURE-A, showing the computation of revenue and LICENCE fee payable for the previous quarter. The aforesaid STATEMENT of each year shall be required to be audited by the Auditors (hereinafter called LICENCEE'S Auditors) of the LICENCEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form given in ANNEXURE-B.

6.4 The LICENCEE shall adjust and pay the difference between the advance payment made and actual amount payable (on accrual basis) of the previous quarter, along with the advance payment for the current quarter.

6.5 Any delay in payment of Licence fee, or any other dues payable under the Licence beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the financial year (1st April) in respect of the licence fees pertaining to the said financial year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purpose of calculation of interest.

6.6 Final adjustment of the Licence fee for the year shall be made on or before 30th June of the following year based on the Gross Revenue Figures duly certified by the AUDITORS of the Licensee in accordance with the provision of Companies' Act, 1956.

6.7 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, within 7 (seven) days of the date of signing of the audit report. The annual financial account and the statement as

prescribed in condition no.6.3 shall be prepared following the norms as prescribed in ANNEXURE-C.

6.8 In case, the total amount paid on the self assessment of the LICENCEE as quarterly LICENCE Fee for the 4 (four) quarters of the financial year, fall short by more than 10% of the payable LICENCE fee, it shall attract a penalty of 50% of the entire amount of short payment. This amount of short payment along with the penalty shall be payable with 15 days of the date of signing the audit report ;on the annual accounts, failing which interest shall be further charged per terms of Condition 6.5. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

6.9 The Fee/royalty described at 5.3 above shall be payable at such time(s) and in such manner as the WPC Cell of the Ministry of Communications may prescribe from time to time.

6.10 All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the Licensee through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by Licensor.

6.11 The Licensor, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in conditions No 6.3, 6.7, 8.5 and 8.6 of the Schedule I hereinbefore and hereinafter written.

Clause 8: PREPARATION OF ACCOUNTS

8.1 The 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.

8.2 The Licensee shall be obliged to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the Licensor may specify, fairly presenting the costs (including capital costs), revenue and financial position of the Licensee's business under the Licence including a reasonable assessment of the assets employed in and the liabilities attributable to the Licensee's business, as well as, for the quantification of Revenue or any other purpose.

b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the Licensee's Auditor in the format prescribed by the Licensor, stating inter-alia whether in his opinion that statement is adequate for the purpose of this condition and thereafter deliver to the Licensor a

copy of each of the accounting statements not later than two months after the end of the period to which they relate.

c) Send to the Licensors a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

8.3 (a) The Licensors 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 Licence at any time without recording any reasons thereof.

(b) The Licensee shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of three years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the Licence.

8.4 The records of the Licensee will be subject to such scrutiny as may be prescribed by the Licensors so as to facilitate independent verification of the amount due to the Licensors as its share of the revenue.

8.5 The Licensors may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the Licensee by appointing auditor at the cost of the Licensee and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the Licensors, shall be borne by the Licensee.

8.6 The Licensors may also get conducted a 'Special Audit' of the Licensee company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the Licensors, shall be borne by the Licensee company. This will be in the nature of auditing the audit described in para 8.5 above. The Special Auditors shall also be provided the same facility and have the same powers as of the company's auditors as envisaged in the Companies Act, 1956.

8.7 Licensee shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed (Annexure-C) and the directions given by the Licensors or the TRAI, as the case may be, from time to time.

Clause 10: REQUIREMENT TO FURNISH INFORMATION TO THE LICENSORS AND TRAI

10.1 The Licensee shall be obliged to furnish all information to the Licensors as may be called upon from time to time. The Licensee shall also submit information to

TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 or any amended or any modified statute.

Clause 12: MODIFICATIONS IN THE TERMS AND CONDITIONS OF LICENCE

12.1 The LICENCOR reserves the right to modify at any time the terms and conditions of the LICENCE, if in the opinion of the LICENCOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of SERVICE. The decision of the LICENCOR shall be final in this regard.

DEFINITIONS AND INTERPRETATIONS – AGR - ILD LICENCE

Para 36: “**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.

“GROSS REVENUE”

The Gross Revenue shall include all revenues accruing to the LICENSEE on account of goods supplied, services provided, leasing of infrastructure, use of its resources by others, application Fee, installation charges, call charges, late Fees, sale proceeds of instruments (or any terminal equipment including accessories), hand sets, band width, income from Value Added Services, supplementary services, access or interconnection charges, any lease or rent charges for hiring of infrastructure etc. and any other miscellaneous items including interest, dividend etc. without any set off of related items of expense, etc.

DEFINITIONS AND INTERPRETATIONS – AGR - NLD LICENCE

Para 31: “**REVENUE**” for the purpose of levying Licence fee as a percentage of revenue shall mean the Gross total Revenue income accruing to the Licensee by way of providing NLD service under the Licence including the revenue on account of supplementary/value added services and leasing of infrastructure, interest, dividend etc. **as reduced** by the component part of a pass-through nature payable **(Now actually paid as amended vide amendment dated 06.01.2014)** to other service providers to whose networks the Licensee's NLD network is interconnected, for carriage of calls. The Gross Revenue shall also include previous debits (e.g. bad debts recovered, of excess provisions in earlier years.) It is clarified that any lease

or rent charges for hiring of infrastructure shall not be so deducted. Service tax and sales tax collected and passed on to the Government(s) from customers of the Licensee shall not form a part of the Revenue.

3 INTERNET SERVICE PROVIDER WITH TELEPHONY (ISP-IT)

Clause 1.1 of Schedule B

Clause 1.1: Quantum of license fee and Schedule of payment:

(i) The licence fee is payable by the licensee in consideration for grant of this licence, for the complete duration for which this licence is granted. This has no relation to the actual start/provision of service by the licensee or any mutual obligations between the licensee and any other service provider /BSNL/MTNL/VSNL/ Departments of the Central or State Government/local or statutory bodies.

(ii) The Telecom Authority has decided to waive the Licence Fee for a period upto 31.10.2003 and a nominal licence fee of One Rupee per annum will become payable from 01.11.2003 upto 31.12.2005.

(iii) With effect from 01.01.2006, annual licence fee annually @ 6% of Adjusted Gross Revenue (AGR), excluding spectrum charges will be applicable in addition to Rupee One per annum. The Licensor reserves the right to modify the above mentioned Licence Fee any time during the currency of this Agreement. W.e.f. 01.07.2012 annual Licence Fee modified @7% of AGR and from 01.04.2013 it has been modified @8% of AGR.

(iv) Radio Spectrum Charges:

a) The LICENSEE shall pay spectrum charges, if applicable, in addition to the Licence Fees.

b) Further royalty for the use of spectrum for point to point links and other access links shall be separately payable as per the details and prescription of Wireless Planning & Coordination Wing. The fee/ royalty for the use of spectrum /possession of wireless telegraphy equipment depends upon various factors such as frequency, hop and link length, area of operation and other related aspects etc. Authorization of frequencies for setting up Microwave links by Licensed Operators and issue of Licenses shall be separately dealt with WPC Wing as per existing rules.

(v) Definition of 'Adjusted Gross Revenue':

a) Gross Revenue: The Gross Revenue shall be inclusive of Internet access service, internet content service, Internet Telephony service installation charges, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

b) For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:

(i) Charges from Internet access, Internet content and Internet access related installation charges.

(ii) Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax.

Schedule C Part II of License

13.4 (A) Schedule of payment of ANNUAL LICENCE FEE and other dues:

(a) For the purposes of the Licence Fee, the 1st year shall end on 31st March following the date of commencement of the Licence Agreement and the Licence fee for the First year shall be determined on a pro-rata basis for the actual duration of the "year". From second year onwards, the year shall be of Twelve English calendar months from 1st of April to the 31st March for payment of Licence Fee.

EXPLANATION: The Licence fee for the last quarter of the first year and last quarter of the last year of the Licence will be computed with reference to the actual number of days after excluding the other quarters, each being of three months.

(b) Licence Fee shall be payable in four quarterly instalments during each financial year (FY). Quarterly instalment of licence fee for the first three quarters of a financial year shall be paid within 15 days of the completion of the relevant quarter. This Fee shall be paid by the LICENSEE on the basis of actual revenue (on accrual basis) for the quarter, duly certified with an affidavit by a representative of the LICENSEE, authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the LICENSEE shall pay the Licence Fee by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

(c) The LICENSEE shall adjust and pay the difference between the payment made and actual amount duly payable (on accrual basis) for the last quarter of financial year within 15 days of the end of the quarter.

(d) The quarterly payment shall be made together with a STATEMENT in the prescribed form as Annexure-I, showing the computation of revenue and Licence fee payable. The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called LICENSEE'S Auditors) of the LICENSEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form as Appendix-I to Annexure-I.

(e) Any delay in payment of Licence Fee payable, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 5% above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment became due. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest. A month shall be reckoned as an English calendar month. Provided that in respect of the licence fees accruing on or after First April, 2005, the rate of interest shall be the prime lending rate (PLR) of the State Bank of India (SBI) existing on the first day (namely 1st April) of the concerned financial year plus two percent (2%).

(f) Final adjustment of the Licence fee for the year shall be made based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

(g) A reconciliation between the figures appearing in the quarterly statements submitted in terms of the clause 13.4(A)(d) of the agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements, within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in Annexure-II.

(h) In case, the total amount paid as quarterly Licence Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable Licence Fee, it shall attract a penalty of 150% of the entire amount of short payment. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed. This amount of penalty shall be payable within 15 days of the date of signing the audit report on the annual accounts, failing which interest shall be further charged per terms of Condition 13.4 (A)(e). Provided that in respect of the licence fees accruing on or after First April, 2005, the rate of penalty shall be fifty percent (50%).

(i) The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the DoT may prescribe from time to time.

(j) All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the LICENSEE through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by LICENSOR.

(k) The LICENSOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in Conditions 13.4 (A)(d), 13.4 (A)(g), 13.5.5 and 13.5.6 hereinbefore and hereinafter written.

Clause 13.5: Preparation of Accounts

13.5.1 The 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.

13.5.2 The LICENSEE shall be obliged to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the LICENSOR, stating inter-alia whether in his opinion the statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than three months at the end of the accounting period to which they relate.

(c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue as defined in condition 1.1(v) of Schedule B for each quarter separately along with the payment for the quarter.

13.5.3 (a) 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 Licence at any time without recording any reasons thereof.

(b) LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

13.5.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

13.5.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

13.5.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in para 13.5.5 above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies' auditors as envisaged in the Companies Act, 1956.

13.5.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, , from time to time.

8. EXTRACTS OF APEX COURT'S JUDGEMENTS/ OBSERVATIONS

(a) Judgment dated 11.10.2011 in CA No. 5059 of 2007 (AGR Case)

".....clause (iii) of the letter dated 22.07.1999 of the Government of India, Ministry of Communications, Department of Telecommunications, to the licensees quoted above made it clear that the license fee was payable with effect from 01.08.1999 as a percentage of gross revenue under the license and the gross revenue for this purpose would be total revenue of the licensee company excluding the PSTN related call charges paid to DOT/MTNL and service tax calculated by the licensee on behalf of the Government from the subscribers. It was also made clear in the aforesaid clause (iii) that the Government was to take a final decision after receipt of the TRAI's recommendation on not only the percentage of revenue share but also the definition of revenue. In accordance with this clause (iii) the Government took the final decision on the definition of Adjusted Gross Revenue and incorporated the same in the License Agreement. Once the licensee had accepted clause (iii) of the letter dated 22.07.1999 that the license fee would be a percentage of gross revenue which would be the total revenue of the licensee company and had also accepted that the Government would take a final decision not only with regard to the percentage of revenue share but also the definition of revenue for this purpose, the licensee could not have approached the Tribunal questioning the validity of the definition of Adjusted Gross Revenue in license agreement on the ground that Adjusted Gross Revenue cannot include revenue from activities beyond the license. If the wide definition of Adjusted Gross Revenue so as to include revenue beyond the license was in any way going to affect the licensee, it was open for the licensees not to undertake activities for which they do not require license under clause (4) of the Telegraph Act and transfer these activities to any other person or firm or company.

"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".

Hon'ble Supreme Court has upheld that proviso to sub-section (1) of Section 4 of the Telegraph Act, however, enables the Central Government to part with this exclusive privilege in favour of any other person by granting a license in

his favour on such conditions and in consideration of such payments as it thinks fit. As the Central Government owns the exclusive privilege of carrying on telecommunication activities and as the Central Government alone has the right to part with this privilege in favour of any person by granting a license in his favour on such conditions and in consideration of such terms as it thinks fit, a license granted under proviso to sub-section (1) of Section 4 of the Telegraph Act is in the nature of a contract between the Central Government and the licensee. Further, as clarified above, Sub-section (1) of Section 4 of the Telegraph Act states that the Central Government has the exclusive privilege of establishing, maintaining and working telegraphs. This would mean that only the Central Government, and no other person, has the right to carry on telecommunication activities. Hon'ble Supreme Court in the AGR case has conclusively settled the issue of violation of fundamental rights under Article 14 and Article 19 (1) (g) of the Constitution of India vis a vis the exclusive privilege of the State in general and the definition of Gross Revenue/ Adjusted Gross Revenue in particular, by citing and quoting with approval the judgment of the Hon'ble Supreme Court in *State of Orissa and Others v. Harinarayan Jaiswal and Others* [(1972) 2 SCC 36]: "the fact that the Government was the seller does not change the legal position once its exclusive right to deal with those privileges is conceded. If the Government is the exclusive owner of those privileges, reliance on Article 19(1)(g) or Article 14 becomes irrelevant. Citizens cannot have any fundamental right to trade or carry on business in the properties or rights belonging to neither the Government – nor can there be any infringement of Article 14, if the Government tries to get the best available price for its valuable rights."

In the case of *Kamakshya Narayan Singh Vs. CIT* (1943) 11 ITR 513 (PC), Lord Wright observed:

'Income.... is a word difficult and perhaps impossible to define in any precise general formula. It is a word of broadest connotation.'

Similarly in *Gopal Saran Narain Singh Vs CIT* (1935) 3 ITR 237 (PC), the Privy Council pointed out that:

'anything that can properly be described as income is taxable under the ACT unless expressly exempted'

The court further observed that the word *Income* is of widest amplitude, and that it must be given its natural and grammatical meaning and it should be given its widest connotation.

(b) Judgement dated 17.04.2014 in CA No.4591 of 2014 (case relating to Audit of Telecom Service Providers by CAG)

Hon'ble Supreme Court upheld the definition of Gross Revenue by stating that ".....Spectrum charges have to be paid in addition to the licence fee on "Revenue Sharing Basis". While levying spectrum charges based on AGR, the components which form the AGR have also been given in Clause 19.1, which is wide enough to embrace other source of revenue inflow. Licensee is, therefore, obliged to maintain the accounts relating to licence agreement and particularly the revenue received by it because it has to share the revenue with the Union, which has to be calculated with reference to the Gross Revenue Receipts."

It has also upheld that "..... There are three stages of audit. First, audit is to be conducted by the Licencee under Clause 20.4 through an auditor appointed under Section 224 of the Companies Act. Clause 22.5 empowers the licensor to conduct an audit, if it is found that statements or accounts submitted are inaccurate and misleading. In our view, the opinion to be formed is purely subjective, it need not establish to the satisfaction of the licensee that the statements or accounts are inaccurate and misleading. Further, Clause 22.6 is an independent Clause which has no relationship with Clause 22.5. This is an additional power conferred on the Licensor to conduct special audit".

CHECK LIST 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)

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

ANNEXURE - AO

		Payable										Receivable										Payment Details						
S. No.	Qtr	IUC to (Name of Licensee Company)	Service Area for which invoice raised	Invoice Number	Payable S 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	Payout 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																											
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)

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

ANNEXURE - AG

		Payable		Receivable										Payment Details											
S. No.	Or Licensee Company	Service Area for which invoice raised	Invoice Number	Invoice Month and Year	IBC Cost as per Operator (Payment)	IBC 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 Invoices in months	IBC Cost including Service Tax	IBC Cost actually received	TDS on receivable amount	Net Receivable	Amount Payable/Receivable	Net Amount Paid	Cheque No/RTGS etc.	Cleared Date	Clearing Date	Deduction Claimed	\$ M. in Quarterly Statement of Cost	
1	01	3	5	1	7	1	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	27	29
2	02																								
3	02																								
4	02																								
5	03																								
6	03																								
7	04																								
8	04																								

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

Signature:
Authorised Signatory of the Licensee Company

Signature:
Statutory Auditor of the Licensee Company

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**

ACKNOWLEDGEMENT

I hereby acknowledge the sincere contributions of the following officers of the Department for preparation and compilation of the Guidelines for verification of deductions by the CCA offices.

(a) The issue of this booklet and the 'FAQs' (being separately issued) has been possible only with the continuous inspiration, guidance and support of Mrs. Annie Moraes, Member (Finance), Telecom Commission and Ex-officio Secretary to The Government of India and Ms. Nirmala Pillai, Advisor (Finance), Department of Telecom. I express my sincere gratitude to them.

(b) Committee of senior officers constituted to clarify the doubts/issues raised by the CCA offices during verification of deductions claimed by TSPs. Members of the committee are:

1. Sh. B. B. Singh, CCA U.P. (East)
2. Sh. K. K. Panda, CCA, West Bengal
3. Sh. G.K. Singh, CCA, Delhi Region
4. Sh. Sukhbir, Director (LF-V) – Co-opted Member
5. Ms. Minakshi Verma, Director LF-II - Convener/Coordinator
6. Sh. Shailesh Bansal, ADG (LF-III) – Co-opted Member

(c) In addition to above valuable inputs were also received from:

1. Sh. A.S. Bhola, Pr. CCA Delhi Region and his team.
2. Smt. Anuradha Mitra, Pr. CCA Kolkata
3. Sh. A.C. Padhi, Sr. DDG (WPF)
4. Sh. Jagdeep Ghai, Pr. CCA, Maharashtra
5. Sh. Prahlad Singh, Pr. CCA, Andhra Pradesh
6. Sh. G.K. Padhi, CCA Chhattisgarh
7. Sh. Saurabh Tiwari, DDG (EF)
8. Sh. Sanjeev Kumar Singh, CCA, Bihar
9. Mohd. Shazad, CCA Odisha
10. Sh. Abhay Kumar Singh, CCA Kolkata
11. Ms. Sharon Shefali Gupta, CCA Punjab
12. Sh. R.D. Meena, CCA Rajasthan.

I would be failing in my duty if I don not acknowledge the valuable contribution made by Sh. Rakesh Kumar, Consultant (LFA) and Sh. Pradeep Chaturvedi, ADG.


(S.K. Mishra)
DDG (LFA)

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.***

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 Licence 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 :

		Payable				Receivable										Payment Details												
S. No.	Qtr	IUC Payable to (Name of Licensee Company)	Service Area for which invoice raised	Invoice Number	Payable S 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	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	G1																											
2	G1																											
3	G2																											
4	G2																											
5	G3																											
6	G3																											
7	G4																											
8	G4																											
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)

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

ANNEXURE - AG

				Payable		Receivable										Payment Details											
S. No.	Our Licensee Company	Service Area for which invoice raised	Invoice Number	No of Invoices in mapping	Invoice Month and Year	LUC Cost as per Operator (Payable)	LUC Cost Billed by operator	Total Service Tax	Total Cost	TDS on Cost/Claim	Net Cost (Net Payable)	Receivable License Commission	Invoice Month and Year	Receivable \$ No of Invoices in mapping	LUC Revenue Service Tax Receivable	LUC Cost actually received	TDS on receivable amount	Net Receivable	Amount Payable/ Receivable	Net Amount Paid	Cheque No/ RTGS etc.	Cheque Date	Pay out Bank	Closing Date	Deduction Claimed	S.No. in Bank Statement	Quarterly Production Claimed
1	2	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
01																											
02																											
03																											
04																											
05																											
06																											
07																											
08																											

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

Signature:
 Authorised Signatory of the Licensee Company

Signature:
 Statutory Auditor of the Licensee Company

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
09

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.	<p>Claim of net settlement are to be submitted in Annexure AO³ and AG⁴, 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 Ledger⁵ duly certified by the authorised signatory of the Licensee.</p> <p><i>The formats AO and AG shall be applicable from the FY⁶ 2015-16.</i></p>

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

	<p>and (c) above.</p> <p>(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.</p> <p>(f) Soft copy of Form 26Q & its annexure shall also be provided in MS excel (2007 format).</p> <p>(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.</p>
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 date⁹ , 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-PP¹⁰ 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.

	<p>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.</p> <p>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.</p> <p>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.</p>
6. Intra -company¹¹ and Inter-company settlement¹²	<p>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.</p>

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 LFA ¹⁴ Wing of DoT (HQ). In case of Demand cum SCN issued after assessment the clarifications issued wide 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 IUC ¹⁵ /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> <p>(a) Copy of proof of payment.</p> <p>(b) License service Area wise break up of single payment mentioned in (a) above.</p> <p>(c) Further transaction wise break up of (b) above.</p> <p>(d) A certificate from authorised signatory certifying the correctness of breakup given in point (b) and (c) as per the given format:</p> <p><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: <table><tr><td>Quarter</td><td>Last date of payment of quarterly Licence Fee</td><td>Last date of submission of documents in support of deductions claimed.</td></tr><tr><td>1st Quarter</td><td>15th July</td><td>31st August</td></tr><tr><td>2nd Quarter</td><td>15th October</td><td>30th Nov</td></tr><tr><td>3rd Quarter</td><td>15th January</td><td>28th/29th Feb</td></tr><tr><td>4th Quarter</td><td>15th April</td><td>31st May</td></tr></table>	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
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)

certificate as <i>"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."</i>	
17. Supporting documents need to be signed by designated authorized signatory.	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.
18. Consolidated payments – proof of payments other than deductions claimed – required or not.	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.
19. Amount shown in the auditor's certificate differs from the amount claimed.	Deductions shall be restricted of the lower of amount shown in auditor's certificate and audited AGR statements.
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.	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.
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.	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.
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.

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	Quarterly/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. (Quarterly/Audited)	
4	Duly authenticated details of deductions claimed towards Roaming on actual payment basis. (Quarterly/Audited)	
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 (Quarterly/Audited)	
11	Soft copies of IUC details claim sheet on actual paid basis and payment proof in prescribed proforma. (Quarterly)	
12	Authorised Signatory's/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 (Quarterly/Audited).	
16	Details of inter company transactions in Annexure AO alongwith copy of invoices (Quarterly/Audited)	
17	In case of disputed part payment claims - Annexure – PP (Quarterly/Audited)	
18	Copy of the General Power of Attorney for certifying the Authorised Signatory of the Licensee Company.	

Audited documents are required to be submitted at the end of the Financial Year only

FORMAT FOR MAPPING BANK TRANSACTIONS WITH INVOICES - INTER COMPANY SETTLEMENT (DIFFERENT LEGAL ENTITIES)
 (Separate forms may be submitted for PSTN and Roaming deduction claims)

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

		Payable				Receivable										Payment Details													
S. No.	Qtr	IUC Payable to (Name of Licensee Company)	Service Area for which invoice raised	Invoice/Debit Credit note Number and date	Payable Serial No of Invoice in mapping	IUC Cost as per Operator (Payable)	IUC Cost Passed by operator	Total Service Tax	Total Cost	TDS on Cost/Claim	TDS Serial No in Form 26Q for mapping	Net Cost (Net Payable)	Receivable from (Name of Licensee Company)	Invoice/Debit Credit note Number and date	Receivable Serial 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		
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		
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

Name of licensee :		Service Area: Financial Year: Quarter :	UC Payable to (Name of Licensee Company)	Qtr	Service Area for which Invoice raised
S. No.					
1	1				
2	2				
3	3	4			
4	4				
5	5				
6	6				
7	7				
8	8				
9	9				
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93	93				
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98	98				
99	99				
100	100				

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

Payable				Receivable										Payment Detail				E No. in Bank Statement			
Invoice/Draft Number and date	Payable Serial No. in mapping	IUC Cost as per Operator (Payable)	Total Service Tax	Total Cost	TDS on Cost(Claim)	TDS Serial No. In Form 28G for mapping	Net Cost Net of T-Costs (Company)	Receivable Invoice Number and date	Receivable Invoice in mapping	IUC Revenue Service Tax (Receivable)	IUC Cost actually received	TDS on receivable amount	Net Receivable	Amount Payable/Receivable	Net Amount Paid	Cheque No./RTGS A/c	Pay Out Date		Clearing Date	Deduction Claimed	
5	6	7	9	10	11	12	13	14	15	16	17	18	20	21	22	23	24	25	26	27	28
														</							

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

Signatures _____
Statutory Auditor of the Licensee Company

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

F.No. 1-28/2006/ LF-II/(ILD)
Government of India
Ministry of Communications & IT
Department of Telecommunications
(LFA-Branch)
Sanchar Bhawan, 20, Ashoka Road, New Delhi-110001

Dated.29-06-2015

TO,
All ILD Licensees.

Sub: Submission of documents/auditor certificates in support of deductions claim to quarterly statements of revenue and license fee.

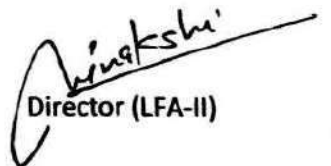
Reference DoT letters No. 1-28/2006/LF-II dated 02.5.2013.

Reference is invited to the above mentioned letters whereby the ILD operators were asked 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 claim in the statement of revenue and license fee for the financial year 2006-07 to 2012-13.

It has been noticed that most of the licensee have not submitted the certificate by the statutory auditor in support of their claims. It is causing delay of the assessment of ILD licensees. **You are once again directed to submit the auditor certificate within 15 days of the receipt of this letter else all the deductions claimed by you will be disallowed and assessment will be done accordingly.**

It is also intimated that the auditor certificate should certify the amount on actually payment basis and if any deductions or amount has been claimed and allowed in any financial year should not be repeated. The certification must include the statement to this effect.

Beside this, you are directed to submit the documents for verification of the deduction claimed by you in the CCA office as per the list attached from financial year 2013-14 onwards. While submitting the documents, the ILD operators must submit the international operators list with whom the settlement rate agreements have been done by your company also may be submitted to the CCA offices in support of your claim


Director (LFA-II)

F.No. 1-28/2006/LF-II/NLD
Government of India
Ministry of Communications & IT
Department of Telecommunications
(LFA – Branch)
Sanchar Bhawan, 20, Ashoka Road, New Delhi – 110001

Dated.30-06-2015

TO,
All NLD Licensees.

Sub: Submission of documents/auditor certificates in support of deductions claim to quarterly statements of revenue and license fee.

Reference DoT letter No. 1-28/2006/LFII/NLD dated 13.8.2013.

Reference is invited to the above mentioned letter whereby the NLD operators were asked 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 claim in the statement of revenue and license fee for the financial year 2006-07 to 2012-13.

It has been noticed that most of the licensees have not submitted the certificate by the statutory auditor in support of their claims. It is causing delay of the assessment of NLD licensees. **You are once again directed to submit the auditor certificate within 15 days of the receipt of this letter else all the deductions claimed by you will be disallowed and assessment will be done accordingly.**

It is also intimated that the auditor certificate should certify the amount on actually payment basis and if any deductions or amount has been claimed and allowed in any financial year should not be repeated. The certification must include the statement to this effect.

Beside this, you are directed to submit the documents for verification of the deduction claimed by you in the CCA office as per the list attached from financial year 2013-14 onwards. The documents for verification of the deductions claimed by you must be submitted to the CCA offices as per the list enclosed, in support of your claim


Director (LFA-II)

Government of India
Ministry of Communications & IT
Department of Telecommunications
(LFA Branch)
Sanchar Bhawan, 20, Ashoka Road,
New Delhi – 110001

No.1-28/2006/LF-II

Dated 14.12.2015

To

All Pr.CsCA/CsCA

Sir/Madam,

Subject:- Standardization of format for intimating disallowances to operators.

Several instructions have been issued by DoT Head Quarters regarding speaking orders to communicate to TSPs disallowance of deductions. In this connection please refer to DoT letters / instructions No.1-28/2006/LF dated 06.08.2009, 01.11.2012, 15.05.2013 and 26.09.2013.

It has been observed that different CsCA are following different formats for conveying deductions disallowed to the operators and in a number of cases the orders do not contain the details and the reasons of the disallowed amount. Many TSPs and COAI have raised this issue through letters, discussion and the latest being in a meeting held on 05.11.2015, chaired by Member (Fin) with COAI.

A speaking order has to be in the nature of communicating clear, rational reasons so as to exclude arbitrariness and to adhere to the principle of natural justice. In some cases, it was found that "invalid Invoice" was the reason mentioned for disallowance of deductions whereas, the reasons for invalidity must be clearly written in the order.

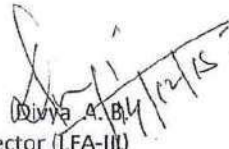
Accordingly, after going through various formats of speaking order on disallowance deductions collected from various CsCA through fax and email, it has been decided that a standard proforma of speaking order is to be introduced uniformly across all CsCA.

The deductions may be shown in two different proforma for

- a) PSTN Charges
- b) Roaming Charges

Any issues specific to the TSP may be included in the covering letter issued by the CCA office.

This issues with the approval of DDG (LFA).


Divya A. B.
Director (LFA-II)
dirf3.hq-dot@nic.in

**Statement of deductions claimed in the statement of Revenue and License Fee for the financial year --
-----for the quarter ending-----**

(II) Roaming Charges claimed as deductions

Name of operator	Invoice Number/Cr./Dr. Note	Invoice/ Cr./Dr. Note date	Claimed amount	TDS amount	Net amount Paid	Deductions Inadmissible	Reasons for disallowance

**Statement of deductions claimed in the statement of Revenue and License Fee for the financial year --
-----for the quarter ending-----**

(I) PSTN (pass through) charges claimed as Deductions.

Name of operator	Invoice Number/Cr./Dr. Note	Invoice/ Cr./Dr. Note date	Claimed amount	TDS amount	Net amount Paid	Deductions Inadmissible	Reasons for disallowance

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY,
DEPARTMENT OF TELECOMMUNICATIONS,
LICENSING FINANCE-II, 716, SANCHAR BHAWAN,
20, ASHOKA ROAD, NEW DELHI.

Dated: 21.03.2016.

To

All Pr. CsCA & CsCA

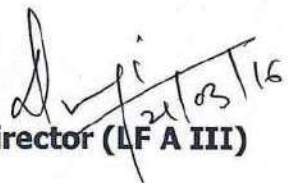
Sub.- Revenue treatment of data roaming as part of Intra-circle roaming thereof.

CCA office, Rajasthan and M/s Sistema Shyam Teleservices Ltd., through various representations, have sought clarifications whether data roaming charges, actually paid to other Telecom Service Providers and claimed as deductions through quarterly statements of Revenue and License Fee (AGR statements) by the Licensees, are admissible as deductions within the scope of Clause 19.2 of the UAS License Agreement. In this regard, AS Branch has clarified as follows:

"There is no difference in voice & data feature while roaming. The roaming is inherent characteristic of Mobile Service wherein subscriber can avail service outside home network. Roaming charges paid to other operators whether for voice or data or intra or inter-circle is to be treated alike".

The same may be allowed as deduction.

This issues with the approval of competent authority.


Director (LF A III)

Copy to:

1. Sr. DDG, LF-P, DoT (HQs), Sanchar Bhawan, New Delhi.
2. DDG, AS Division, DoT (HQs), Sanchar Bhawan, New Delhi.
3. Director (LF A I/LF A II/LF A III).
4. All TSPs.

16/c

No 24-1/2016/LFP-I
Government of India
Ministry of Communications & IT
Department of Telecommunications
(LF-Policy wing)
Sanchar Bhawan, New Delhi-110001
.....

Dated: 01.06.2016

To

-All Pr./CsCA

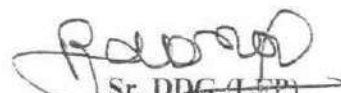
Sub: Clarification on issues relating to AGR and Bank Guarantees of Telecom licenses.

Of late this office has received numerous correspondences from Pr./CsCA offices seeking clarifications on various issues related to AGR and Bank Guarantees of telecom licenses. The matter has been examined and following clarifications/instructions are being issued:

1. **Whether Misc. revenue/reversal of expenses/excess provision to be included in the AGR:** As per the license agreement, misc. revenue should form part of the AGR but reversal of expenses and excess provision should not be included in AGR.
2. **Bad debts recovered:** It has been the consistent stand of the department that bad debts recovered should not form the part of AGR.
3. **Whether income from interest to be included in AGR:** Income from interest would be included in AGR.
4. **Whether revenue from non-telecom activities is to be considered for AGR calculation:** As per license agreements, the revenue from non-telecom activities would form part of the AGR.
5. **Non submission of documents by the licensee:** Appropriate actions may be taken by the Pr.CsCA/CsCA as per a license agreement which includes the encashment of FBG/PBG for non-fulfilment of license conditions and damage caused to the licensor.
6. **No response on the correspondence made by the Pr.CsCA with the licensee:** Appropriate actions may be taken by the Pr.CsCA/CsCA as per a license agreement which includes the encashment of FBG/PBG for non-fulfilment of license conditions and damage caused to the licensor.
7. **Whether CCAs to receive quarterly AGR/LF/Annual documents and assess the LF even after encashment of FBG:** The CsCA may receive quarterly AGR/LF/Annual documents and assess the LF till the effective date for surrender/termination of the license agreement.
8. **Disposal of representations made by Licensee:** The representations should be heard by the CsCA offices only.
9. **Whether FBG is to be encashed if licensee fails to pay license fee against demand notice:** The Bank Guarantees may be encashed if licensee fails to pay license fee against demand notice.
10. **Review of the FBG in cases of non start of operations:** The same amount of FBG would be maintained as submitted by the licensee during signing of the license agreement.

11. **Request of licensees for waiver of Interest on delayed payments and penalty and interest on penalty:** No such waiver is allowed as per license agreement.
12. **FBG for pure ISPs:** Since, as of now, there is no AGR definition is available on the basis of which license fee demand could be ascertained, therefore the question of FBG may not arise in cases of pure ISPs.
13. **Whether PBG can be encashed if licensee fails to pay LF demand notice or fails to submit required documents etc. in case of non-availability of FBG:** Yes, the PBG may be encashed.
14. **Non submission of fresh PBG/FBG in lieu of encashed BGs:** Matter may be referred to DoT HQTR by the CsCA offices along with its recommendations.
15. **Adjustment of surplus amount in the Quarter-1 of the next financial year:** The subject matter is under consideration and the necessary clarifications will be issued very shortly.
16. **Whether ISP may claim deduction for the payment made to other service providers for leased line purchase:** The subject matter is under consideration and the necessary clarifications will be issued very shortly.
17. **Presumptive AGR:** DoT headquarter is considering the applicability of the presumptive AGR for the calculation of license fee on the auction conducted in 2014 and 2015 as per NIA 2014 and 2015. However, till the time of final decision in the matter, the license fee may be calculated by the O/o CCA on the basis of entry fee or actual AGR, whichever is higher.
18. **Applicability of Uniform license fee on the Pure ISPs:** It is a fact that the para 2 of the letter dated 29.06.2012 of the DoT on the application of uniform license fee had been struck down by the TDSAT. The decision of the TDSAT had been accepted by the department and accordingly the DoT headquarter is in the process of taking a final decision on the applicability of Uniform License fee on the Pure ISPs. However, till the time of final decision in the matter, the status quo may be maintained by the O/o CCA regarding the calculation of license fee for the pure ISPs.

It is our endeavour to empower/enrich the field offices. Therefore, it is suggested that we should make the dedicated effort to provide the necessary skills to officers through the targeted training module keeping in view the practicality of the verification/assessment as well as the requirement for proper monitoring of the financial clauses of license agreement. While there are material/human resource constraints in headquarter but we are always ready to solve the problem of the CsCA as soon as possible. Hence it is urged that your proactive approach is the need of the hour to realize the actual potential of the field offices. It is felt that there cannot be readymade answer to every query. CCAs are competent and skilled enough to interpret and understand the terms and conditions of the license agreement and clarifications. If, you all can take it in proactive and rightful manner, lot of correspondence with the Headquarter could be avoided.


Sr. DDG (LFP)

Copy to:-

1. DDG (WPF)/DDG (LFA), DoT (HQ).
2. Director (LFP-II)/Director (LFA-I, II & III)

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY, (39)
DEPARTMENT OF TELECOMMUNICATIONS,
(LICENSING FINANCE),
SANCHAR BHAWAN, 20, ASHOKA ROAD, NEW DELHI.

Dated: 26 July, 2016

Subject: Authorized Signatory and Signing of the required documents.

Licensees claim deductions from the Gross Revenue as per the concerned License Agreements. The required documents supporting the claimed deductions are submitted by the licensees in the office/s of concerned Controller / s of Communication Accounts.

Licensees have represented that it is very difficult for the Authorized Signatory of the Company to sign all the documents. Since they are generally senior officers of the companies and to sign each and every page of the required documents is time consuming due to huge volume of the documents.

It has been decided that licensee shall prepare a comprehensive index of all the pages of required documents. This index needs to be duly signed by the authorized signatory of the company. All the pages of documents so indexed may be signed along with the seal of the company by another responsible officer of the company.

By: [Signature]
A.D.G.(LFA-II) 26/7/2016

Copy to :

1. Sr PPS Member(Finance)
2. Sr PPS Advisor(Finance)
3. Sr DDG (LFP), DDG(LFA), DDG(WPF), DDG(AS), DDG (CS), DDG(DS)
4. All Pr CCAs; CCAs
5. COAI, AUSPI.
6. Guard file

Dated: 26 July, 2016

Subject: Submission of document in support of deduction claimed from the Gross Revenue by telecom service Licensees on quarterly basis.

Reference: 1. 1-28/2006-LF dated. 21st September, 2006.
2. 1-28/2006-LF-II dated 24th June, 2013.
3. 1-28/2013/CCAs/LF-II dated 07th November, 2014.
4. 1-28/2013/CCAs/LF-II dated 9th March, 2015.

1. Unified Access Service License provide for the schedule of payment of annual license fees in four quarterly installments. License fees is accompanied by a detailed calculation sheet called the Statement of Revenue and License Fees. This statement is duly certified with an affidavit by a representative of Licensee.
2. Licensee claims deductions from Gross Revenue as per the License agreement. Deductions are claimed on paid basis. Licensees submit the required documents in support of claimed deductions within 60 days from the end of relevant quarter.
3. Licensees and their representative bodies COAI and AUSPI have requested for an increase in this period from 60 days to 90 days.
4. The competent authority has decided that Licensees are allowed to submit required documents in support of claimed deductions within 75 days from the end of relevant quarter. This period of 75 days is extendable by 15 days with the permission of concerned Controller of Communication Accounts.

ADG (LFA-TH) 17/2016

Copy to :

1. Sr PPS Member(Finance)
2. Sr PPS Advisor(Finance)
3. Sr DDG (LFP), DDG(LFA), DDG(WPF), DDG(AS), DDG (CS), DDG(DS)
4. Pr CCAs; CCAs
5. COAI, AUSPI.
6. Guard file.

i) Copy received from representative of SSC
ii) Copy yet not received from DOT

Asst CCA (LFA)
S. Nair

(3) (41)

F.No. 24-1/2016/LFP-I
Ministry of Communications & IT
Department of Telecommunications
(LF-Policy wing)
Sanchar Bhawan, New Delhi-110001
.....

Dated: 27.07.2016

To

All Pr.CsCA/CsCA

Sub: Clarification regarding allowing the deductions claimed under different financial year/renewed/migrated licenses.

Existing AGR definition as mentioned in our license agreement makes the provision to allow certain deductions from the Gross Revenue on the actually paid basis to the eligible/entitled telecommunication service providers.

2. Further, the deduction verification report and assessment for a financial year is time bound exercise due to which deduction claim is not feasible to accept under same year and/or same license after a certain point of time but it is permissible to accept the deduction claim under different financial year and/or under renewed/migrated/new existing license.

3. In view of the above, it is clarified that since deductions are claimed on the basis of actually paid basis, therefore, any amount of claims with invoices for deductions by licensee under different financial year and/or under renewed/migrated/new existing license may be allowed as deductions.

This issues with the approval of competent authority.

Pradyumn
(P K Shukla)
Director (LFP-I)

Copy to: *27/7/16* *27/7* *27/7* *27/7*

1. DDG (LFA)/ DDG (WPF)/DDG (Accounts)/DDG (B&P)
2. Director (LFP-II). *27/7/16*
3. Internet Service Providers Association of India (ISPAI), 612-A, Chiranjiv Tower, 43, Nehru Place, New Delhi-110019.
4. Association of Unified Telecom Service Providers of India, B-601 Gauri Sadan, 5 Hailey Road, New Delhi-110001.
5. COAI, 14 Bhai Veer Singh Marg, New Delhi-110001.
6. Association of Competitive Telecom Operators, UGF-74, World Trade Centre, Babar Road, Connaught Place, New Delhi-110001.
7. NIC, DoT for uploading in the website.

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Ministry of Communications & Information Technology
Department of Telecommunications
Sanchar Bhawan,
(LFA Wing)
20-Ashoka Road, New Delhi-110001

No 19-2/2015/LFA

dated 01-09-2016

Subject: Clarification regarding International Roaming

Please refer to letter No 1-28/2013/CCAs/LF-II dated 09-03-2015. The clarification issued vide query No 10 of this letter; "In the matter of International Roaming"; may be treated as NIL. The detailed instructions on this issue will follow.

Sanchar Bhawan
01-09-2016
Asstt Director General (LFA-II)

Copy to:

1. PPS to Member (Finance)
2. PPS to Advisor (Finance)
3. Sr DDG (LFP)
4. DDG(LFA)/DDG(AS)/DDG(DS)/DDG(CS)/DDG(WPF)
5. All Pr CCAs/CCAs

Sanchar Bhawan
Asstt Director General (LFA-II)

In ruling h/c te.

A. Singh

through email
249/c

No 1-28/2013/CCAs/LF-II
Government of India
Ministry of Communications & IT
Department of Telecom
(LFA)

Sanchar Bhawan, 20 Ashoka Road, New Delhi-1

Dated **28** Sep 2016

Subject: Representations by Telecom Service Providers against Demand –cum-show cause notices.

Comptroller and Auditor General of India conducted the audit of six private Telecom Service Providers for financial years 2006-07 to 2009-10. C & AG also audited the work of deduction verifications in CCA offices. On the basis of this audit, C&AG submitted Report No. 4 of 2016 in the Parliament.

Chapter IX of the C & AG Report no. 4 of 2016 which details the findings of audit on deduction verifications was shared with the CCAs. Based on these findings several CCAs have revised the Deduction Verification Reports (DVRs) for the aforementioned years.

Licensing Finance Assessment wing of Department of Telecom is issuing revised demands-cum-show-cause notices for the financial years 2006-07 to 2009-10 taking into account the C & AG findings and revised DVRs. As per principles of natural justice TSPs are provided an opportunity to represent against the demands- cum-show-cause notices. DoT has received several representations wherein the TSPs have raised issues related to these assessment and DVRs considered during assessment.

The representations are being forwarded to the CCAs for taking action on the issues related to Deduction Verifications raised by the TSPs. The CCAs may decide on the need and the extent of opportunity to be given to the TSPs (including reopening of cases) on the basis of merits of the case. The following aspects may be critically looked into.

- (1) That deduction verifications were carried out as per the instructions of DoT HQ.
- (2) That deduction verification reports were prepared and shared with concerned TSP in the form of speaking order.
- (3) That TSP was provided adequate opportunity at different stages of deduction verification process in line with instructions issued by DoT.

If a need is felt to provide an opportunity to the TSP; not more than 15 days may be given to the TSPs to do the needful. Thereafter, deduction verification process may be completed by CCA within 21 days of receipt of documents/ clarification from the TSP.

211 Gm/HIS
A.D.G (LFA-II) *28.9.2016*

Copy to:

1. **Sr PPS Member (Finance)**
2. **Sr PPS Advisor (Finance)**
3. **Sr DDG (LFP, DDG (LFA), DDG(WPF), DDG(AS), DDG(DS) and DDG(CS)**
4. **All Pr CCAs; CCA**
5. **Guard file.**
6. **COAI & AUSPI**

F. No. 24-1/2016/LFP-I (Pt.)
Ministry of Communications
Department of Telecommunications
(Licensing Finance Policy wing)
20, Ashoka Road, Sanchar Bhawan,
New Delhi-110001

Dated: 06.04.2017

To

All Pr. CsCA/CsCA

Sub: Clarifications regarding verification of deductions claimed by NLD operators.

References have been received in the DoT Headquarter from the field units seeking clarification regarding deductions of Pass thru charges claimed by NLD operators.

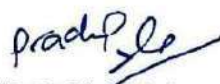
2. In this regard it is intimated that the 'Deduct' head of Annexure-A (Format of statement of Revenue and License Fee) of pre-amended NLD license agreement stipulates as under:

"Revenue of pass thru nature actually passed on to other service providers (operator wise details)."

4. Further, although initially all kind of licenses were having the provisions of 'PAYABLE' word, but later on, the word 'PAYABLE' was substituted with the word 'ACTUALLY PAID' by an amendment in the license agreements. Moreover, the DoT has never allowed the Pass thru charges on accrual basis due to the verification issues.

5. Considering the above mentioned fact, all the TSPs including the NLD licensee can claim the Pass thru charges on actually paid basis only. Therefore in case the TSPs are claiming Pass thru charges for past Financial Year, the same can be allowed on 'actually paid' basis only.

This issues with the approval of competent authority.


(P K Shukla)
Director (LFP-I)

Copy to:

1. DDG (LFA)/Jt. Admn. Finance (USOF)/DDG (WPF)/Sr. DDG (AS)/DDG (DS)/DDG (CS)
2. Director, LFA-I/LFA-II/ LFA-III/ LFA-IV
3. ADG, LFP-II/LFP-III/ Sr. AO (LFP-I).
4. PA to Director (LFP-I) for uploading on the DoT website.

Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhavan, 20 Ashoka Road, New Delhi-110001
(LF-Policy wing)

No24-1/2016/LFP-I(pt)

Dated: 21/04/2017

To,

All Pr.CsCA/CsCA

Subject: Clarification regarding submission of Bank Certificates.

Please refer to Sl. No.2 of the DoT clarification Letter No. 1-28/2013/CCAs/LF-II dated 09.03.2015. The intent of said the clarification was to permit *certified bank statement or bankers certificate or both, as the case may be. Therefore, Sl. No. 2 of the clarification is modified as under:*

“Relevant pages of the bank statements 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. The requirement of banker’s certificate indicating the name of the payee for transactions (where the name of payee is not available in bank statement) shall be continued. Therefore, the Licensees will have to submit the certified bank statement or bankers certificate or both, as the case may be, showing the transaction and breakup of the transaction amount.”

This issues with the approval of competent authority.



(P. K. Shukla)
Director (LFP-I)

Copy to: 1. DDG (LFA)/ DDG (WPF)/ DDG (Accounts)

2. COAI/AUSPI/ACTO

3. M/s Aircel Limited, 5th Floor, Building No.10-A&B, DLF Cyber City, Gurgaon-122002.

(46)

17-3/2014-15/LFA-Videocon
MINISTRY OF COMMUNICATION
DEPARTMENT OF TELECOMMUNICATIONS (LICENSING FINANCE BRANCH)
ROOM NO.717, SANCHAR BHAWAN, 20-ASHOKA ROAD, NEW DELHI

Date : 02.06.17

To
The Controller of Communication Accounts,
Gujarat Telecom Circle,
7th floor, P & T Admin Bldg.,
Khanpur, Ahmedabad — 380001.

Sub: - ICR Pass through Charges Disallowed by Gujarat CCA against F.Y.2014-15 to 2015-16- Disallowed the deduction on account of Roaming claim with the Interpretation of the License condition that, ICR claim has been restricted to ICR revenue as per provision of Clause 19.2 of License agreement.

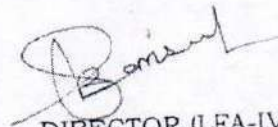
Please refer to communication received from M/s Videocon Telecom vide letter No.VTL/RegiCCA/31 dated.17-04-2017 &28.04.2016 (copy enclosed) regarding the disallowance of deductions on Roaming claim for the period 2014-15 to 2015-16.

In this regard, clarification issued by DOT vide no.1-28/2006/LFi dated 15.03.2012 on "Revenue treatment to intra circle roaming" is enclosed. As per the said clarification, ICR Charges may be allowed as deductions. The said clarification does not contemplate any kind of comparison or restriction, as used by your good office.

Therefore, matter may be dealt in consonance with the spirit of above referred order dated 15.03.2012 and respective license agreement.

This has approval of competent authority.

Encl: As above


DIRECTOR (LFA-IV)

Copy to:

1. M/s Videocon Telecommunications Limited
2. Director LFA-I/ Director LFA-II/Director LFA-III

File No. 19-2/2015/LFA
Government of India
Ministry of Communications
Department of Telecommunication
(LFA Wing)

Dated: 10.11.2017

Subject: Submission of details in support of deductions claimed on account of International Roaming Revenue actually paid to other Telecommunication service providers

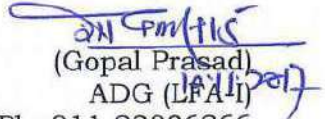
Kindly refer to DoT Clarification no. 19-2/2015/LFA dated 01.09.2016 regarding treatment of the Clause (10) of DoT O.M No. 1-28/2013/CCA's/LF-II as 'NIL' along with the further direction that detailed instructions on this issue will follow.

2. Accordingly, the detailed procedure for claiming directions on account of International Roaming charges actually paid to other TSPs is outlined as follows:

- (i) Licensee shall submit the claim in the Proforma attached as Annexure IR. The claim shall be filed quarterly in the concerned Pr. CsCA/CsCA office.
- (ii) The details/calculations provided in this Proforma is to be authenticated by the Authorized Signatory of the licensee by affixing his/her signature on the Proforma.
- (iii) The details so provided quarterly in the prescribed Proforma are to be certified by the Statutory Auditor of the licensee at the end of the financial year.
- (iv) No deviations from the Proforma would be accepted.
- (v) This clarification as well as Proforma shall be applicable for all the prospective deduction verification cases on account of International Roaming revenues actually paid to other TSPs.
- (vi) This clarification and Proforma shall also be applicable for allowing all the cases of International Roaming Revenues which might have been disallowed as per the DoT circular No. 1-28/2013/CCAs/LF-II dated 07.11.2014. Accordingly, the Deduction Verification Report of the relevant years may be revised suo-moto by CCAs on receipt of requisite documents.

The deduction claims related to International Roaming charges actually paid to other TSP's may be processed on the basis of the attached Proforma (as Annexure-IR).

This issues with the approval of the competent authority.


(Gopal Prasad)
ADG (LFA-II)
Ph: 011-23036266

Encl: Prescribed Proforma(Annexure IR)

To:

1. All the Pr. CsCA/CsCA
2. COAI
3. AUSPI
4. Director (LFP-I)
5. Director (LFA-III) for uploading on the DoT website
6. Guard file

Annexure-IR

Proforma for Claiming Pass Thru Charges Pertaining to International Roaming Charges

1. Name of the operator
2. Unified Licence Services in.....
3. Roaming revenues actually paid to Foreign Operators
4. Quarter Ended.....for the Financial Year.....

Serial No	Operator details		
	Name of the other operator to whom payment made	Name of the Country/Service Area	Tadig Code
1	2	3	4

Note:

Date format shall be in DD MM YYYY
 Claim is eligible for deduction on the day amount is paid
 Amount in column no 31 and column 33 may differ. The difference may be due to difference in foreign exchange.

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

Payable Invoice Details											
Invoice No. / Credit Note No.	Payable S.No of Invoice in mapping	Invoice date"	Invoice Period	SDR to INR Rate	SDR to Foreign currency Rate	Invoice Currency Type	Foreign Currency to INR Rate	Cost Invoice SDR	Invoice amount in (Foreign Currency)	Invoice amount in INR	Invoice Amount actually Passed (INR)
5	6	7	8	9	10	11	12	13	14	15	16

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

Receivable Invoice details											
Invoice No. / Credit Note No.	Receivable S.No of Invoice in mapping	Invoice Date	Invoice Period	SDR to INR Rate	SDR to Foreign currency Rate	Invoice Currency Type	Foreign Currency to INR Rate	Revenue Invoice SDR	Invoice amount in (Foreign Currency)	Invoice amount in INR	Invoice Amount actually Receivable (INR)
17	18	19	20	21	22	23	24	25	26	27	28

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

Netting Position				
Net Amount actually Payable (-) / Receivable (+) in INR	Actual Amount Paid/received In (Foreign Currency)	Actual Amount Paid/ received In INR	Bank Charges In INR	Forex Gain & Loss in INR
29	30	31	32	33

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

Payment		I/ Receipt Details		Quarterly Deduction claimed
DD/Cheque/Swift Code/ Bank Detail	Date of Payment / Settlement	Name of Bank	Sl. No. in Bank Statement / Certificate	
34	35	36	37	38

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

**File No. 19-2/2015/LFA
Government of India
Ministry of Communications
Department of Telecommunication
(LFA Wing)**

Dated: 13.11.2017

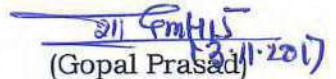
Corrigendum

Subject: Submission of details in support of deductions claimed on account of International Roaming Revenue actually paid to other Telecommunication service providers

Kindly refer to DoT Circular No even dated 10.11.2017.

“Claiming direction” may please be read as “Claiming Deduction” in Para No 2 line 1.

This issue with the approval of competent authority.


(Gopal Prasad)
ADG (LFA-I)
Ph: 011-23036266

To:

- 1. All the Pr. CsCA/CsCA**
- 2. COAI**
- 3. AUSPI**
- 4. Director (LFP-I)**
- 5. Director (LFA-III) for uploading on the DoT website**
- 6. Guard file**

Through e-mail

File No. 19-2/2015/LFA
Government of India
Ministry of Communications
Department of Telecommunication
(LFA Wing)


Date: 10th January 2018

Subject: Submission of details in support of deductions claimed on account of International Roaming Revenue actually paid to other Telecommunication service providers

Kindly refer to DoT Circular No even dated 10.11.2017. This order has now been revised to include a few changes to help in comprehension & implementation. The following Paras have been modified;

1. Para - 1
2. Para - 2(line 1 – deduction instead of directions)
3. Para - 2(i)
4. Para - 2(vi)

The revised order is attached herewith.


Gopal Prasad 10.1.2018
ADG (LFA-I)
Ph: 011-23036266
Encl: Prescribed Proforma (Annexure IR)

To:

1. All the Pr. CsCA/CsCA
2. COAI
3. AUSPI
4. Director (LFA-I)
5. Director (LFA-III) for uploading on the DoT website
6. Guard file

File No. 19-2/2015/LFA
Government of India
Ministry of Communications
Department of Telecommunication
(LFA Wing)

Date: 10th January 2018

Revised Order

Subject: Submission of details in support of deductions claimed on account of International Roaming Revenue actually paid to other Telecommunication service providers

1. Kindly refer to DoT Clarification no. 19-2/2015/LFA dated 01.09.2016 regarding treatment of the Clause (10) of DoT O.M No. 1-28/2013/CCA's/LF-II dated 09-03-2015 as 'NIL' along with the further direction that detailed instructions on this issue will follow.

2. Accordingly, the detailed procedure for claiming deduction on account of International Roaming charges actually paid to other TSPs is outlined as follows:

(i) Licensee shall submit the claim in the Proforma attached as Annexure IR. No other supporting documents are required to be filed with the Annexure –IR. The claim shall be filed quarterly in the concerned Pr. CsCA/CsCA office.

(ii) The details/calculations provided in this Proforma is to be authenticated by the Authorized Signatory of the licensee by affixing his/her signature on the Proforma.

(iii) The details so provided quarterly in the prescribed Proforma are to be certified by the Statutory Auditor of the licensee at the end of the financial year.

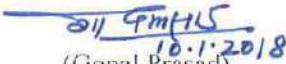
(iv) No deviations from the Proforma would be accepted.

(v) This clarification as well as proforma shall be applicable for all prospective deduction verification cases on account of International Roaming Revenues actually paid to other TSPs.

(vi) This clarification and Proforma shall also be applicable for allowing all the cases of International Roaming Revenues which might have been disallowed as per the DoT circular No. 1-28/2013/CCAs/LF-II dated 07.11.2014 & DoT OM No 1-28/2013/CCAs/LF-II dated 09-03-2015. Accordingly, the Deduction Verification Report of the relevant years may be revised suo-moto by CCAs on receipt of requisite documents.

The deduction claims related to International Roaming charges actually paid to other TSP's may be processed on the basis of the attached Proforma (as Annexure-IR).

These issues with the approval of the competent authority.


(Gopal Prasad)
ADG (LFA-I)
Ph: 011-23036266

Encl: Prescribed Proforma (Annexure IR)

To:

1. All the Pr. CsCA/CsCA
2. COAI
3. AUSPI
4. Director (LFP-I)
5. Director (LFA-III) for uploading on the DoT website
6. Guard file

Annexure-IR

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Note:

Date format shall be in DD MM YYYY
 Claim is eligible for deduction on the day amount is paid
 Amount in column no 31 and column 33 may differ. The difference may be due to difference in foreign exchange.

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Net Amount actually Payable (-)/ Receivable (+) in INR	Actual Amount Paid/received In (Foreign Currency)	Actual Amount Paid/ received In INR	Bank Charges In INR	Forex Gain & Loss in INR
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Signature
 Statutory Auditor of Licensee Company

Payment		I/ Receipt Details		Quarterly Deduction claimed
DD/Cheque/Swift Code/ Bank Detail	Date of Payment / Settlement	Name of Bank	Sl. No. in Bank Statement / Certificate	
34	35	36	37	38

Signature
 Authorised Signatory of the Licensee Company

Signature
 Statutory Auditor of Licensee Company

भारत सरकार
संचार मंत्रालय, दूरसंचार विभाग
लाइसेंस वित्त मूल्यांकन अनुभाग
संचार भवन, 20, अशोक रोड,
नई दिल्ली - 110001
फोन: 011-23036266



Government of India
Ministry of Communications
Department of Telecommunications
License Finance Assessment Wing
Sanchar Bhawan
20, Ashoka Road,
New Delhi-110001
www.dot.gov.in
E-mail : adglfa2-dot@gov.in
Tel : 011-23036266

F.NO.1-3/2017/LFA

Dated: 07.02.2018

MEMORANDUM

Subject: Amendment in Clause 4 of Clarification issued vide OM No. 1-28/2013/CCAs/LF-II dated 09.03.2015-reg.

This is w.r.t. treatment of Deduction claims related to TDS as per aforementioned Clarification. In this regard it is hereby conveyed that the referred clause is amended as follows:-

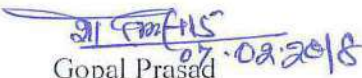
“Clause 4:

Deduction for TDS shall be allowed in the same quarter in which the related transaction occurred, irrespective of date of deposit of TDS, subject to submission of requisite claim documents as per extant guidelines.”

Consequently Foot Note to Clause 4 (No.9) stands deleted.

This clarification shall also be applicable for allowing all the cases of deduction claims related to TDS which might have been disallowed as per the DoT circular No. 1-28/2013/CCAs/LF-II dated 09-03-2015. Accordingly, the Deduction Verification Report of the relevant years may be revised suo-moto by CCAs on receipt of requisite documents.

This issues with approval of Competent Authority.


Gopal Prasad
ADG (LFA-I)

To:

1. All Pr CCAs
2. Sr. DDG (LFP)/DDG (WPF)/All CCAs.
3. Director (LFA-III) – for uploading on DoT website.
4. AUSPI/COAI
5. Guard file



No. 1-28/2006/LF-II
Govt of India
Department of Telecom
LFA Division
Sanchar Bhawan, 20, Ashoka Road
New Delhi -110001

To

All NLD Licensees

Dated 17-12-2018

Sub : Deduction Verification of NLD Operators

Ref : 1. DoT Letter No. 1-28/2006/LF-II/NLD dated 21.08.13
2. DoT Letter No. 1-28/2006/LF-II/NLD dated 30.06.15

1. As per DoT letter dated 21.08.13 referred to above, NLD Licensees were required to submit a Statutory Auditor's Certificate detailing the quarter wise operator wise Call Charges (Access Charges) actually paid to other TSP's during the year, supporting the deductions claim in the Statement of Revenue and License Fee for the F.Y 2006-07 to 2012-13. The submission was to be made to CCA concerned/DoT HQ, wherever the License Fee Assessment for the concerned licensee was being carried out.

2. As per last Para of the Letter dated 30.06.2015, it was directed that documents supporting claimed deductions must be submitted at CCA offices, as per the list of documents attached in the said letter, from F.Y 2013-14. However there were difficulties in operationalising the order.

3. It is henceforth clarified that for F.Y 2013-14 to 2018-19, the verification of claimed deductions for NLD shall be based on Statutory Auditor's Certificate detailing the quarter wise operator wise Call Charges (Access Charges) actually paid to other TSP's during the year. No other supporting documents shall be required for deductions claim for F.Y 2013-14 to 2018-19.

4. The submission of the Statutory Auditors Certificate is to be made to CCA concerned/DoT HQ, wherever the License Fee Assessment for the concerned licensee is being carried out .

5. Further it is reiterated that the work of Deduction Verification for standalone NLD Licenses shall be undertaken by respective CCA's where the assessment is currently being done, and the rest shall be undertaken at DoT HQ. Concerned

CCA's may ask for the Statutory Auditors Certificate from the NLD Licensees under their sphere of assessment.

6. It is asserted that Auditor Certificate should certify the amount strictly on basis of Actual Payment made. Any payments not actually made in the particular Quarter should not be certified by the Statutory Auditor, irrespective of the date of invoice or any other criteria.

This is issued with the approval of Member (F)

Ankit
17/12/18

(ANKIT ANAND)

Director LFA-I

Ph: 9868135825

ankit.anand@gov.in

Copy to

1. PS to Member (F) *17/12*
2. PS to CGCA/PS to Advisor (F) *17/12*
3. DDG (LFP)/DDG (WPF) *17/12/18*
4. Jt CGCA (Revenue) for necessary action *M. Kaur*
5. Director (LFA-II)/Director (LFA-III) for necessary action
6. All Pr CsCA/CsCA concerned for necessary action



No. 1-28/2006/LF-II
Govt of India
Department of Telecom
LFA Division
Sanchar Bhawan, 20, Ashoka Road
New Delhi -110001

To

All ILD Licensees

Dated 25-04-2019

Sub : Deduction Verification of ILD Operators

Ref : 1. DoT Letter No. 1-28/2006/LF-II dated 02.05.13
2. DoT Letter No. 1-28/2006/LF-II/ILD dated 29.06.15

1. As per DoT letter dated 02.05.13 referred to above, ILD Licensees were required to submit a Statutory Auditor's Certificate detailing the quarter wise operator wise Call Charges (Access Charges) actually paid to other TSP's during the year, supporting the deductions claim in the Statement of Revenue and License Fee for the F.Y 2006-07 to 2012-13. The submission was to be made to CCA concerned/DoT HQ, wherever the License Fee Assessment for the concerned licensee was being carried out.

2. In the aforementioned order itself, for F.Y 2013-14 onwards, it was directed that all ILD operators are required to submit the proof of payment in support of deductions claimed through the Quarterly Statement of Revenue and License Fee with the office of the CCA concerned where they are submitting the quarterly License Fee. An Annexure was supplied outlining the same.

3. As per last Para of the Letter dated 29.06.2015, it was directed that documents for verification of deductions must be submitted at CCA offices as per the list attached from F.Y 2013-14 onwards. However there were difficulties in operationalising the order. It was also mentioned that while submitting the documents, the ILDO must submit the list of international operators with whom the settlement rate agreements have been done.

4. It is henceforth clarified that for F.Y 2013-14 to 2018-19, the verification of claimed deductions for ILD shall be based solely on Statutory Auditor's Certificate detailing the quarter wise operator wise Call Charges (Access Charges) actually paid to each operator (including each foreign operator) during the year. No other

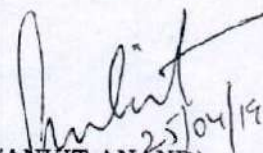
supporting documents shall be required for deductions claim for F.Y 2013-14 to 2018-19.

5. The submission of the Statutory Auditors Certificate is to be made to CCA concerned/DoT HQ, wherever the License Fee Assessment for the concerned licensee is being carried out.

6. Further it is reiterated that the work of Deduction Verification for standalone ILD Licenses shall be undertaken by respective CCA's where the assessment is currently being done and the rest shall be undertaken at DoT HQ. Concerned CCA's may ask for the Statutory Auditors Certificate from the ILD Licensees under their sphere of assessment. This shall continue till deduction verification and assessment of FY 2018-19 is complete. This is also in line with the arrangement for NLDOs as per Order dated 17-12-2018.

7. It is asserted that Auditor Certificate should certify the amount strictly on basis of Actual Payment made. Any payments not actually made in the particular Quarter should not be certified by the Statutory Auditor, irrespective of the date of invoice or any other criteria.

This is issued with the approval of Member (F)


25/04/19
(ANKIT ANAND)

Director LFA-I

Ph: 9868135825

ankit.anand@gov.in

Copy to

1. PS to Member (F)
2. PS to CGCA/PS to Advisor (F)
3. DDG (LFP)/DDG (WPF)
4. Jt CGCA (Revenue) for necessary action
5. Director (LFA-II) for necessary action
6. All Pr CsCA/CsCA concerned for necessary action
7. CoAI (gmittal@wai.in)
8. ACTO

(50)

No. 1-26/2013/CCAs/LF-II
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATION
DEPARTMENT OF TELECOMMUNICATIONS
(Licensing Finance Assessment Division)

Sanchar Bhawan,
20, Ashoka Road,
New Delhi - 110001
Dated : 18.07.2019

To
All CCAs

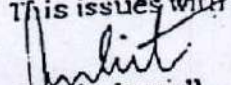
Subject: Instructions on submission of Deduction Verification Reports by CCA offices -Regarding

It has been noticed that few TSPs are submitting two separate Audited AGR statements with difference in Deduction claimed figures. One of the Audited AGR has deductions claimed on actual payment basis while other has deductions claimed on accrual basis. This is leading to different AGR figures (i.e. row CC of AGR format) in both the statements. It is clarified that this practice is not allowed under the license agreement.

However, the matter is subjudice regarding deduction claims on accrual vs actual basis. Keeping the same in mind, the following instruction is issued regarding preparation of Deduction Verification report by CCAs till the time final court orders are received on the same.

It has been noticed in DVRs received by LFA division, that some CCAs have picked up the AGR and Deduction claimed figures from the Audited AGR statement based on accrual deduction claimed. It is instructed that in any such case, wherein two different Audited AGRs are being submitted on account of difference in Deduction claimed, CCAs in the DVR should pick up AGR and Deduction claimed figures from the Audited AGR statement which has deduction claimed on actual basis.

This issues with the approval of DDG (LFA).


(Ankit Anand)
Director (LFA-I)

Copy to:-

- PPS to Member (F) for information
- PS to Advisor (F) for information
- PS to CGCA for information
- DDG (LFP) for information
- DDG (WPF) for information.



No. 1-10/2019/LFA/SC 1
Govt of India
Ministry of Communications
Department of Telecom
LFA Division
Sanchar Bhawan, New Delhi

ANNEXURE-P-7
96.

FileNo. 1-10/2019/LFA/SC 1

Dated 03.02.2020

To
All Pr CCAs/CCAs

Subject : Guidelines/Clarifications for one time re-verification exercise to be carried out by CCAs in pursuance of Hon'ble SC order dated 24.10.2019

Respected Ma'am/Sir

In pursuance of Hon'ble SC order dated 24.10.2019, all CCAs were directed by O/o CGCA vide Letter dated 13.12.2019 to provide a 7 day one time window to all TSPs to submit final representations along with required deduction claims and further a 15 day window was given to CCAs to revise required DVRs and submit to LFA wing.

There is an urgent need to streamline deduction verification of TSPs right from FY 2006-07 to 2017-18. This will have a substantial bearing on overall dues owed by TSPs.

TSPs have expressed that 7 day window has been insufficient for submission of required deduction related documents. Further, the 15 day period for revision of DVRs (from FY 2006-07 to 2017-18) by CCAs after submission of appeals/documents by TSPs is not proving to be sufficient, considering that more than 10 FYs are involved and the scope and scale of revision is proving to be much wider than previously expected.

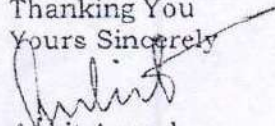
There has also been a lack of clarity regarding which new documents can be accepted during this one time reopening. Further, there have been some long pending ambiguities regarding extant orders and guidelines. For these cases, previously issued DVR guidelines need to be unambiguously clarified and reiterated. In a few cases, there is also an urgent need to issue new Clarifications to address a few unresolved DVR related issues to ensure that this one time re-verification exercise actually yields resolution of issues.

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Accordingly a set of Guidelines/Clarifications for one time re-verification exercise to be carried out by CCAs in pursuance of Hon'ble SC order dated 24.10.2019 is being enclosed with this letter for implementation at your end. The entire Deduction Re-verification may be completed at the earliest

This issues with approval of the Competent Authority.

Thanking You
Yours Sincerely



Ankit Anand
Director (LFA-I)
Ankit.anand@gov.in
9868135825/9810795825

Encl : Guidelines/Clarifications for one time re-verification exercise to be carried out by CCAs in pursuance of Hon'ble SC order dated 24.10.2019

Copy to
PS to Member (F)
PS to CGCA
PS to Advisor(F)
DDG(LFP)/DDG(LFA)/DDG(WPF)
COAI
All Access Service Operators

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GUIDELINES/CLARIFICATIONS FOR ONE-TIME DEDUCTION REVERIFICATION EXERCISE IN PURSUANCE OF

HON. SC ORDER Dt. 24/10/2019

Sr No	Issue	Guideline/ Clarification
1	Reopening of DVR to handle representation of operators and issue of revised Final DVR.	<p>CCAs are directed to re-open DVRs of previous years for clearing all anomalies in verification in light of representations of TSPs, extant orders and also the below substantive clarifications (Pt 2 to 24) being issued. The substantive guidelines from Pt. 2 to Pt. 24 shall supercede any extant orders to the extent of any contradiction. between them.</p> <p>Immediately upon receipt of these Guidelines/Clarification endorsed by O/o Jt CGCA, CCAs are directed to provide one time opportunity to TSP vide a letter/e-mail issued to TSP to this effect. TSPs are advised to submit their final appeal and all relevant documents within 15 days of receipt of letter/e-mail issued by CCAs in this regard.</p> <p>During this one time reopening and reverification, fresh invoices as well as new supporting documents not submitted or considered earlier in support of existing Deductions Claimed on paid basis should be accepted and considered for verification. However the total Deduction Claimed amount on paid basis as per the Audited AGR Statement should not be changed by TSPs or considered by CCAs.</p> <p>All CCAs are to carry out a one time reopening and re-verification exercise to implement the existing orders and these new Guidelines/Clarifications.</p>

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<p>2</p> <p>Non Sharing of Objection Report and Speaking Order with TSP with 15 days time for representation.</p>	<p>CCAs have previously been directed to give Speaking and Reasoned Orders in respect of disallowed deductions, through letters dated 01.11.12 & 26.09.13. The same has been reiterated and amply clarified in Order dated 14.12.15, wherein it is clearly mentioned that detailed reasons for invoice disallowance must be given to TSPs in the Speaking Order.</p> <p>It is reiterated that the Speaking Orders must contain the invoice wise reason for disallowance and must be communicated to the TSP along with 15 day opportunity for representation, in all cases for all years where the same has not been done.</p> <p>In such cases where the Speaking order with invoice wise reasons for disallowance have not been received by TSPs, TSPs are advised to approach the respective CCAs within 15 days of receipt of these guidelines by the TSP and the same should be effected by CCAs during this one time re-opening of DVRs as directed through Pt 1 above. Relevant DVRs should be revised to this effect, if required.</p> <p>Further CCAs are directed to ensure that for all DVRs sent to DoT HQs for all years, the Deduction Claimed/Disallowed amount is the same as finally communicated to TSP. In cases where there is a discrepancy in the figures of Deduction Claimed/Disallowed between the DVR communicated to DoT HQ vis a vis Speaking Order shared with TSPs, the same may be reconciled and communicated to both DoT HQ and TSP</p>
<p>3</p> <p>Deductions have been restricted to lower of cash or accrual claims. Further In some cases the audited AGR with cash deductions may not be available.</p>	<p>In case any CCA has submitted DVRs of any year with deduction claimed figures on accrual basis, they are directed to revise and resubmit the DVRs with deduction claimed figures on actually paid basis.</p>

4	Simplification of TDS Certificate Process	<p>In cases where there has been TDS disallowances due to non submission of documents prescribed as per the extant order, as an alternative to already prescribed documents, the licensee may submit a certificate by Statutory auditor/Tax auditor that the quarterly TDS amount have been correctly shown in claim sheets and exclude any interest/penalty (for delayed payment etc) and have actually been deposited in to government accounts as per provisions of the Income Tax Act, 1961. The certificate shall contain quarter wise TDS figures for PSTN and Roaming separately. CCAs should consider the same certificate as sufficient proof for verification of TDS claim. This provision shall apply for the one-time re-opening of DVRs as directed by this letter and any previous disallowances of TDS amounts on the basis of extant orders should be allowed subject to valid Statutory/Tax Auditor Certificate.</p> <p>Also, as already clarified in Clarifications dated 09.03.2015, if TSPs fail to substantiate TDS claims, then only TDS related amount should be disallowed, and not the whole invoice amount. Relevant DVRs may be revised accordingly.</p>
5	Disallowance of 3G Intra Circle Roaming Pass Through Charges	<p>In some cases, it is observed that while deduction for 3G ICR has been allowed following DoT circular dated 01.02.2017, it has been restricted to actual usages. It is directed that 3G ICR claims, including the minimum commitment/ premium usage charges, are admissible deduction, subject to submission of supporting documents (concerned invoice and bank statements). Relevant DVRs to be revised accordingly</p>
6	Disallowance of J&K GST paid under Amnesty scheme	<p>CCA, J&K had disallowed GST paid amount claimed in AGR statement. Since the Revenue is shown at Gross Value including GST, it is essential to allow deduction of GST to arrive at the AGR (In case of other circles also which were in service tax regime, the relevant revenue is net of service tax).</p> <p>Accordingly, deductions for the same may be allowed subject to submission of challans, along with a self certification that the amount has been paid. Relevant DVRs to be revised accordingly</p>
7	Emergency Call Charges Paid to BSNL/Hubbing charges	<p>These Charges are paid as Interconnect Charges for Emergency Services and should be considered as allowable access charges, including the fixed/minimum commitment component. The same was also being allowed before order dated 21.10.2013. Relevant DVRs to be revised accordingly.</p>

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8	Corporate Settlements	CCA are directed to follow guidelines (S.No.13) as per order dated 09.03.2015, and revise prior DVRs in case there have been disallowances due to not following this Order. ADC/SMS charges have also been settled at Corporate level amongst companies. These should also be considered within the scope of clarification at S.No. 13 of - Order dated 09.03.2015. Relevant DVRs to be revised accordingly
9	Short/Excess payment of other TSPs with discrepancy between invoice amount and passed amount or payment mismatches between net amount payable/receivable and net amount paid/received.	It is observed that sometimes the cost/revenue invoice gets passed by TSP/other TSP by an amount less than the invoice's original amount. This will result in a mismatch between Net amount payable/receivable vis a vis Net paid/received in the Bank Statement. If the TSP furnishes the IUC passed/received amount(s) in the Claim Sheet (in the designated Column or by way of providing suitable explanatory remarks), such submission may be considered and allowed to the extent of IUC passed amount. Further, due to bank charges, the net receivable/payable amount may vary from the net received/paid amount as appearing in Bank Statement. If the TSP submits, while explaining the mismatch, that the reason for variance is Bank Charges, such submission may be considered by CCAs. Relevant DVRs to be revised accordingly
10	Disallowance of intra company transactions with Provisional/Reversal invoices	The amount booked in GL extract on basis of Provisional/ Reversal /Actual invoices shall be considered as admissible deduction, provided that necessary supporting documents have been submitted and verified on basis of Provisional/Reversal invoices and GL Extract duly certified by Auditor.

11	Disallowance of IUC charges paid to TSPs who have now closed their operations and the operator has the invoices (both cost and revenue) but the net transaction has not been settled and hence is not visible in the Bank statement. The operator has also claimed the same in relevant Claim Sheets. If the operator is in net receivable position in this case, even the payable passed charges are disallowed since the net receivable amount was not paid by the other operator.	<p>The IUC cost actually passed through to the closed operator related to this transaction may be allowed subject to :</p> <ol style="list-style-type: none"> Submission and verification of relevant party ledger (books of accounts) showing invoice number, invoice value and IUC cost actually passed/received of relevant transactions with the closed TSP, Verification of invoices and Auditor Certification of invoice wise IUC cost actually passed through to relevant closed operator. <p>Provided, these transactions should have been originally claimed in the relevant year. No new such transactions should be admitted and considered.</p>
12	Payments made in quarter different from quarter of claim	<p>CCA are directed to follow guidelines at S.No.11 of order dated 09.03.2015, and revise prior DVRs in case there have been disallowances in contravention of this order. Thus, it is reiterated that if the documents are otherwise available to prove the actual settlement of transaction on paid basis, deduction should not be disallowed merely on the ground that transaction has been settled on paid basis in any previous quarter than the quarter in which it was claimed.</p> <p>However, it is stated that Annual Deduction Disallowed should not be negative i.e. the total deduction allowed in any financial year shall not exceed the total deduction claimed on paid basis as per Audited AGR Statement.</p> <p>Further, in case of cheque payment, it is reiterated that, as per Order dated 05.07.2007, date of receipt of cheque by the operator/other operator shall be considered to be the date of actual payment. The acknowledgement obtained from other operator may be submitted by the operator as proof of date of actual settlement.</p> <p>Relevant DVRs to be revised accordingly</p>

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13	Disallowance for amount paid / settled by the Access License to ILD license on the grounds that ILD pass through charges are not allowed.	No such rationale exists. Any such disallowances on this ground may be allowed, subject to verification of invoice and payment proofs. Relevant DVRs to be revised accordingly.
14	Promotional and Transactional Charges	As per Order dated 04.03.14, SCCP charges as well as Toll free no. charges are admissible deductions. The order is reiterated and CCAs are directed to revise any such disallowances, subject to verification of invoice and payment proofs. Relevant DVRs to be revised accordingly
15	Supplementary Invoices	Any supplementary invoice for pass through charges pertaining to BSNL should be allowed subject to verification of invoices and payment proofs, provided that they have been claimed earlier in the Audited AGR of the year of supplementary invoice. Relevant DVRs to be revised accordingly

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16	Bank Statement	<p>In case of disallowances of pass through (PSTN + Roaming) charges due to non-submission of Bank Statement / bankers certificate prescribed as per the extant orders (09.03.2015 & 21.04.2017), CCA may accept the following:-</p> <p>Complete Bank statement (with running page numbers and logo) signed by concerned bank authority on 1st Page and Last Page with mapping of relevant transactions with Claim Sheet</p> <p>OR</p> <p>- Relevant pages of the bank statement showing relevant payments signed by bank authorities.</p> <p>OR</p> <p>- Bankers certificate certifying the relevant transactions of entire Quarterly AO statements.</p> <p>In case the bank statement does not contain payee name, licensee will have to additionally submit:</p> <p>- Bankers certificate indicating the name of payee for the transactions</p> <p>OR</p> <p>- Extracts of relevant transactions with operator generated from books of accounts</p> <p>OR</p> <p>- Acknowledgement of relevant transaction obtained from the other operator</p> <p>The above documents shall be signed and sealed by the Authorized signatory of the Company Officials (all pages). Relevant DVRs to be revised accordingly</p> <p>As per Order dated 28.06.2013, Auditor certified Proforma at Annexure-A of the Order was prescribed. However from FY 2014-15 Auditor certified Annexure-AO/AG/PP came to be prescribed. Accordingly it is directed that CCAs may accept either Auditor certified Annexure-AO/AG/PP OR Auditor certified Proforma at Annexure-A of Order dated 28.06.2013 for any FY upto and including FY 2014-15.</p> <p>Relevant DVRs to be revised accordingly</p> <p>CCAs are directed to allow the same subject to due process of verification of requisite documents as per extant orders, provided the concerned Invoices also have values quoted in INR. Relevant DVRs to be revised accordingly.</p>
17	Requirement of Annexure-AO/AG or Annexure-A	
18	National Roaming disallowance due to the invoices bearing SDR Value.	

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19	Change in Operator Names	CCAs to consider change in name of Operators based on submission of CIN (Certificate of Incorporation). Any such disallowances may be accordingly considered and relevant DVRs to be revised accordingly
20	International Roaming calls/SMS – In cases of Seamless Roaming Agreement, all IR transactions are being settled with 7 Nodal Circles, and these Nodal circles are further settling with Non-Nodal circles through book adjustment reflected in AG Statement	In case of (Seamless roaming Services) SRS arrangement for both calls and SMS - international roaming transactions in non nodal circles should be allowed based on verification of Audited Annexure-AG and relevant debit note / credit note rather than IR statement. Any such disallowances may be accordingly considered and relevant DVRs to be revised accordingly
21	Disallowance of ACS(Audio Conference Service) Intra-company Transaction: It has been submitted that the enterprise division of the Company manages the business of ACS. As such the costs are getting recorded separately at the Head Office level. This is leading to gap between the AG and the GL extract, since the GL extract for the circle does not contain these transactions. It has been submitted by the TSP that this separate booking of cost related to ACS is for their administrative purposes to manage this stream of business.	These transactions may be allowed subject to auditor certification of the pass through charge, provided they have already been claimed in relevant year in prescribed claim sheet and invoices and payment proofs have been submitted. Relevant DVRs to be revised accordingly
22	Payment of Service Tax in FY 2006-07 to 2009-10 (pertains only to TATA)	In circles where the service tax has been disallowed, deduction should be allowed on basis of certificate from Statutory/Tax Auditor that the amount has been paid to Government of India and the same has not been claimed as deduction in any other circle/year. It should clearly state the year wise amount which should tally with the total ST claim. Relevant DVRs to be revised accordingly

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23	Company name on Invoice/Bank statement is different from the Claim Sheet, although they are of same Group Company	Provided that: A. All the companies mentioned are of the same group AND B. the company name on the Invoice and Bank Statement/Bank Certificate are the one and same the Claimed deduction may be allowed subject to submission and verification of invoice and payment proof. Relevant DVRs to be revised accordingly.
24	Disallowance of invoice not having Minutes of Usage and Rate	Amount may be allowed subject to submission and verification of invoice and payment proof. Relevant DVRs to be revised accordingly.

True Copy



Government of India
Ministry of Communications
Department of Telecommunications
(LFA Branch)
Sanchar Bhawan, 20, Ashoka Road,
New Delhi-110047

No.1-28/2013/LFA-II (Pt.)

Date-09.02.2021

To
Addl. CGCA,
NICF Ghitorni,
MG Road, New Delhi-110047



Sub: Simplification of Verification Documents of Deductions claimed from Gross Revenue (GR) to arrive at Adjusted Gross Revenue (AGR)

Ref: COAI letter No DG/COAI/2021/007 dated January 11,2021 (Copy attached).

Sir,
Please find enclosed herewith the above mentioned letter which is self-explanatory. COAI has requested as follows:

- There should only be reporting requirement of deductions claimed from GR in simplified AG, AO and IR formats without any requirement of submitting supporting documents
- The regular verification of deductions claimed from Gross Revenue by Office of CCAs should be discontinued.
- The format AG, AO and IR can be audited on annual basis to replace the verification process.

✓ A This needs deliberations and inputs from assessing authorities. The O/o CGCA may hold consultations with CCAs and industry in this regard. It is kindly requested to examine the issue and send recommendations to DoT (HQ) at the earliest.

This issues with the approval of the Competent Authority.

Encl: As above

09/02/2021
(Bhavesh Anil Sharma)
ACAO (LFA-II)
Phone No. 011-23036015

Copy to:
DG COAI.

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COAI

Secretary DOT 14.

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49/082/2021/CR/Prophet
13/1/2021

DG/COAI/2021/007
January 11, 2021

Shri. P K Sinha
Member Finance
Department of Telecommunications,
Sanchar Bhawan, 20, Ashoka Road,
New Delhi - 110001

DDG CLFP
13/1/21

Subject: Simplification of Verification Documents of Deductions claimed from Gross Revenue (GR) to Arrive at Adjusted Gross Revenue (AGR)

Dear Sir,
Intra Company Settlements
Inter Company Settlements

Now

673/2021/10/1/21

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1. We are writing this letter to inform that the TRAI has mandated Bill and Keep Interconnection Usage Charge (IUC) Regime w.e.f January 01, 2021 for domestic voice calls. Under Bill and Keep regime TSPs will not be paying any termination charges for domestic calls to other operators and keep the entire revenue received from subscriber. In this situation there will not be any inter-company or intra-company settlement with respect to domestic voice calls.

COAI has contended that

2. As major inter-company, and intra-company settlements are concerning termination charges for domestic calls. It is expected that after Bill and Keep regime is implemented, the total deductions claimed from GR will be minimal and AGRs will be very close to GRs. The current process of verification of deductions claimed from GR is very complex. This change in IUC regime presents an opportunity to review and simplify the entire process of reporting and verification of deductions claimed from GR. The simplification of verification of deductions would be a major reform towards 'Ease of Doing Business'.

Adm (F)

3. In current system, the deductions from GR are reported by TSPs in the following three categories:

- (i) Intra Company Settlements
- (ii) Inter Company Settlements
- (iii) International Roaming Settlements

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Typically, within a LSA 85% of total deductions claimed from the GR are intra-company transactions, 14% are inter-company transactions and around 1% are International Roaming/termination related settlements.

4. The intra-company settlements are transactions between different licenses of the same company. This self-supply of service from one License to another License gets pass thru and does not impact total revenue of the company as one of the branches eventually get the credit of revenue. The Government Revenues do not face any loss due to this intra-company transactions as the whole amount which is deducted from one

31/1/21
28/1/21
11(F)

AAO CLFA-II

14, Bhai Veer Singh Marg, New Delhi - 110 001

tel: +91 - 11 - 23349275 fax: +91 - 11 - 23349276 e-mail: contact@coai.in website: www.coai.in

AAO (Ram sagar)

division would be credited to another branch and for the fact that license fee is uniform across all licensed services and service areas.)

- (11) facilitates for verification of deduction.
5. The AGRs of each License of a TSP are audited and reconciled with Revenue of the company. Thus, separate verification of intra-company deductions claimed from GR which is 85% of the total deductions will not yield any additional benefit in improving the accuracy of financial reporting.
 6. With respect to inter-company settlements it is submitted that these transactions are on account of termination of calls, termination of SMSs, Roaming charges and inter-LSA carriage of calls. The major part of inter-company deductions (>90%) claimed from GR are on account of termination of voice calls. After Bill and Keep regime, the remaining deductions will be even less than 10% of the current amount of deductions.
 7. The SMS termination charges between any two access providers rarely exceed Rs 10-15 crores. Further, inter-company roaming and carriage of inter-LSA calls arrangements are minimal and hence deductions owing to these two items are also insignificant. Thus, total inter-company deduction that would be claimed after implementation of Bill and Keep regime will only be a small fraction of GR.
 - i) The format AG, AO and IR can
 8. The present deduction verification process carried out by 22 offices of CCAs is very complex. The TSPs submit thousands of pages of invoices, Bank Statements, TDS certificates for verification of deduction. There are number of meetings, representations, clarifications which take place between TSPs and CCAs before deductions are admitted and allowed. However, after Bill and Keep regime is implemented, the total inter-company deductions is likely to be a very small fraction of GR and in this scenario the complex and detailed verification process may not be justifiable.
 9. TSPs submit AGRs duly audited at the end of financial year. In addition the Revenue share is subject to regular CAG audits and Special Audits. In the back drop of three independent audits of revenue Share and as deductions claimed are going to be small fraction of GR, it is suggested that deduction reporting and verification may be modified in the following manner:
 - (i) There should only be reporting requirement of deductions claimed from GR in simplified AG, AO and IR formats without any requirement of submitting supporting documents;
 - (ii) The regular verification of deductions claimed from Gross Revenue by Office of CCAs should be discontinued;
 - (iii) The format AG, AO and IR can be audited on annual basis to replace the verification process.

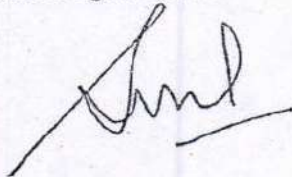
Should you require any clarification or assistance relating to the above-mentioned issue, we would be happy to provide the same.

As the above is

COAI

Look forward to your kind consideration and support to carry out this reform towards
'Ease of Doing Business'.

Kind Regards,



Lt. Gen Dr. SP Kochhar
Director General

Email id: dg@coai.in
Mobile No.: +91 9871554400

Copy to:

- ✓ 1. Chairman DCC & Secretary(T)
2. Advisor (F)
3. DDG (WPF)
4. DDG (LFP)

14, Bhai Veer Singh Marg, New Delhi - 110 001
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**Government of India
Ministry of Communications
Department of Telecommunications
(LFA Branch)
Sanchar Bhawan, 20, Ashoka Road,
New Delhi-1**

No.1-28/2013/LFA-II (Pt.)

Date-23.03.2021

**To
Jt. Controller General of Communication Accounts
All Pr /Controller of Communication Accounts**

Sub: Implementation of DoT Guidelines/Clarifications towards the deduction verification exercise.

Ref: DoT Letter No.1-10/2019/LFA/SCI dated 03.02.2020 and COAI Letter No DG/COAI/2021/012 dated January 15, 2021.

In reference to the DVR guidelines issued by DoT HQ, the undersigned is directed to inform that,

- i The DVR guidelines dated 03.02.2020 were issued in order to bring clarity and uniformity in the process of DVR verification.
- ii DoT with the approval the Union Cabinet filed M.A. Diary-no 9887/2020 before the Hon'ble Supreme Court wherein dues of certain TSPs were annexed to the Misc. Application.
- iii The Hon'ble Supreme Court vide its order dated 18.3.2020 ordered inter alia that,

"no exercise of self-assessment/re-assessment to be done and the dues which were placed before us have to be paid as we have affirmed those dues including interest and penalty, as ordered in the judgment."

Subsequently vide order dated 20.07.2020, Hon'ble Supreme Court further ordered that,

"The calculations which have been given and the amount to be recovered at pages 180-181 of M.A.D. No. 9887 of 2020 (application for modification) in C.A No. 6328-6399 of 2015 are taken to be as final amount and there can be no dispute raised about it. No recalculation and self-assessment can be undertaken."

The same was reiterated by Hon'ble Supreme Court in its Judgment dated 01.09.2020.

Page 1 of 2

- iv Therefore, the dues placed before Hon'ble Supreme Court (Annex-I) have attained finality through the orders dated 18.03.2020, 20.07.2020 & 01.09.20; and no exercise of re-assessment /re-calculation is to be carried out.
- v However, the DVR guidelines dated 03.02.2020 may be used for DVR verification for the years/circles/Licenses for which dues have not been finalized by the Hon'ble Supreme Court till F.Y. 2016-17 and for all Licenses post F.Y. 2016-17.

Encl: As above


23/03/2021
(Bhavesh Anil Sharma)
ACAO (LFA-II)
Phone No. 011-23036015

Copy to:

1. PS to Member (F)
2. PS to Controller General of Communication Accounts
3. PPS to Advisor (F)
4. DDG (LFA)/DDG (LFP)/DDG (WPF)
5. DG, COAI
6. All Access Service Operators

GUIDELINES/CLARIFICATIONS FOR DEDUCTION CLAIM VERIFICATION

Sr No	Issue	Guideline/ Clarification
1	Non Sharing of Objection Report and Speaking Order with TSP with 15 days time for representation.	<p>CCAs have previously been directed to give Speaking and Reasoned Orders in respect of disallowed deductions, through letters dated 01.11.12 & 26.09.13. The same has been reiterated and amply clarified in Order dated 14.12.15, wherein it is clearly mentioned that detailed reasons for invoice disallowance must be given to TSPs in the Speaking Order.</p> <p>It is reiterated that the Speaking Orders must contain the invoice wise reason for disallowance and must be communicated to the TSP along with 15 day opportunity for representation, in all cases for all years where the same has not been done.</p> <p>In such cases where the Speaking order with Invoice wise reasons for disallowance have not been received by TSPs, TSPs are advised to approach the respective CCAs within 15 days of receipt of these guidelines by the TSP and the same should be effected by CCAs during this one time re-opening of DVRs as directed through Pt 1 above. Relevant DVRs should be revised to this effect, if required.</p> <p>Further CCAs are directed to ensure that for all DVRs sent to DoT HQs for all years, the Deduction Claimed/Disallowed amount is the same as finally communicated to TSP. In cases where there is a discrepancy in the figures of Deduction Claimed/Disallowed between the DVR communicated to DoT HQ vis a vis Speaking Order shared with TSPs, the same may be reconciled and communicated to both DoT HQ and TSP</p>
2	Deductions have been restricted to lower of cash or accrual claims. Further In some cases the audited AGR with cash deductions may not be available.	In case any CCA has submitted DVRs of any year with deduction claimed figures on accrual basis, they are directed to revise and resubmit the DVRs with deduction

		claimed figures on actually paid basis.
3	Simplification of TDS Certificate Process	In cases where there has been TDS disallowances due to non submission of documents prescribed as per the extant order, as an alternative to already prescribed documents, the licensee may submit a certificate by Statutory auditor/ Tax auditor that the quarterly TDS amount have been correctly shown in claim sheets and exclude any interest/penalty (for delayed payment etc) and have actually been deposited in to government accounts as per provisions of the Income Tax Act, 1961. The certificate shall contain quarter wise TDS figures for PSTN and Roaming separately. CCAs should consider the same certificate as sufficient proof for verification of TDS claim. This provision shall apply for the one-time re-opening of DVRs as directed by this letter and any previous disallowances of TDS amounts on the basis of extant orders should be allowed subject to valid Statutory/Tax Auditor Certificate. Also, as already clarified in Clarifications dated 09.03.2015, if TSPs fail to substantiate TDS claims, then only TDS related amount should be disallowed, and not the whole invoice amount. Relevant DVRs may be revised accordingly.
4	Disallowance of 3G Intra Circle Roaming Pass Through Charges	In some cases, it is observed that while deduction for 3G ICR has been allowed following DOT circular dated 01.02.2017, it has been restricted to actual usages. It is directed that 3G ICR claims, including the minimum commitment/ premium usage charges, are admissible deduction, subject to submission of supporting documents (concerned invoice and bank statements). Relevant DVRs to be revised accordingly
5	Disallowance of J&K GST paid under Amnesty scheme	CCA, J&K had disallowed GST paid amount claimed in AGR statement. Since the Revenue is shown at Gross Value including GST, it is essential to allow deduction of GST to arrive at the AGR (in case of other circles also which were in service tax regime, the relevant revenue is net of service tax). Accordingly, deductions for the same may be allowed subject to submission of challans, along with a self certification that the amount has been paid. Relevant DVRs to be revised accordingly

6	Emergency Call Charges Paid to BSNL/Hubbing charges	These Charges are paid as Interconnect Charges for Emergency Services and should be considered as allowable access charges, including the fixed/minimum commitment component. The same was also being allowed before order dated 21.10.2013. Relevant DVRs to be revised accordingly.
7	Corporate Settlements	CCA are directed to follow guidelines (S.No.13) as per order dated 09.03.2015, and revise prior DVRs in case there have been disallowances due to not following this Order. ADC/SMS charges have also been settled at Corporate level amongst companies. These should also be considered within the scope of clarification at S.No. 13 of Order dated 09.03.2015. Relevant DVRs to be revised accordingly
8	Short/Excess payment of other TSPs with discrepancy between invoice amount and passed amount or payment mismatches between net amount payable/receivable and net amount paid/received.	It is observed that sometimes the cost/revenue invoice gets passed by TSP/other TSP by an amount less than the invoice's original amount. This will result in a mismatch between Net amount payable/receivable vis a vis Net paid/received in the Bank Statement. If the TSP furnishes the IUC passed/received amount(s) in the Claim Sheet (in the designated Column or by way of providing suitable explanatory remarks), such submission may be considered and allowed to the extent of IUC passed amount. Further, due to bank charges, the net receivable/payable amount may vary from the net received/paid amount as appearing in Bank Statement. If the TSP submits, while explaining the mismatch, that the reason for variance is Bank Charges, such submission may be considered by CCAs. Relevant DVRs to be revised accordingly
9	Disallowance of intra company transactions with Provisional/Reversal invoices	The amount booked in GL extract on basis of Provisional/ Reversal /Actual invoices shall be considered as admissible deduction, provided that necessary supporting documents have been submitted and verified on basis of Provisional/Reversal invoices and GL Extract duly certified by Auditor.

10	Disallowance of IUC charges paid to TSPs who have now closed their operations and the operator has the invoices (both cost and revenue) but the net transaction has not been settled and hence is not visible in the Bank statement. The operator has also claimed the same in relevant Claim Sheets. If the operator is in net receivable position in this case, even the payable passed charges are disallowed since the net receivable amount was not paid by the other operator.	<p>The IUC cost actually passed through to the closed operator related to this transaction may be allowed subject to :</p> <ol style="list-style-type: none"> Submission and verification of relevant party ledger (books of accounts) showing invoice number, invoice value and IUC cost actually passed/received of relevant transactions with the closed TSP, Verification of invoices and Auditor Certification of invoice wise IUC cost actually passed through to relevant closed operator. <p>Provided, these transactions should have been originally claimed in the relevant year. No new such transactions should be admitted and considered.</p>
11	Payments made in quarter different from quarter of claim	<p>CCA are directed to follow guidelines at S.No.11 of order dated 09.03.2015, and revise prior DVRs in case there have been disallowances in contravention of this order. Thus, it is reiterated that if the documents are otherwise available to prove the actual settlement of transaction on paid basis, deduction should not be disallowed merely on the ground that transaction has been settled on paid basis in any previous quarter than the quarter in which it was claimed.</p> <p>However, it is stated that Annual Deduction Disallowed should not be negative i.e. the total deduction allowed in any financial year shall not exceed the total deduction claimed on paid basis as per Audited AGR Statement.</p> <p>Further, in case of cheque payment, it is reiterated that, as per Order dated 05.07.2007, date of receipt of cheque by the operator/other operator shall be considered to be the date of actual payment. The acknowledgement obtained from other operator may be submitted by the operator as proof of date of actual settlement.</p> <p>Relevant DVRs to be revised accordingly</p>

12	Disallowance for amount paid / settled by the Access License to ILD license on the grounds that ILD pass through charges are not allowed.	No such rationale exists. Any such disallowances on this ground may be allowed, subject to verification of invoice and payment proofs. Relevant DVRs to be revised accordingly.
13	Promotional and Transactional Charges	As per Order dated 04.03.14, SCCP charges as well as Toll free no. charges are admissible deductions. The order is reiterated and CCAs are directed to revise any such disallowances, subject to verification of invoice and payment proofs. Relevant DVRs to be revised accordingly
14	Supplementary Invoices	Any supplementary invoice for pass through charges pertaining to BSNL should be allowed subject to verification of invoices and payment proofs, provided that they have been claimed earlier in the Audited AGR of the year of supplementary invoice. Relevant DVRs to be revised accordingly

		<p>In case of disallowances of pass through (PSTN + Roaming) charges due to non-submission of Bank Statement / bankers certificate prescribed as per the extant orders (09.03.2015 & 21.04.2017), CCA may accept the following :-</p> <p>Complete Bank statement (with running page numbers and logo) signed by concerned bank authority on 1st Page and Last Page with mapping of relevant transactions with Claim Sheet</p> <p>OR</p> <p>- Relevant pages of the bank statement showing relevant payments signed by bank authorities.</p> <p>OR</p> <p>- Bankers certificate certifying the relevant transactions of entire Quarterly AO statements.</p> <p>In case the bank statement does not contain payee name, licensee will have to additionally submit:</p> <p>- Bankers certificate indicating the name of payee for the transactions</p> <p>OR</p> <p>- Extracts of relevant transactions with operator generated from books of accounts</p> <p>OR</p> <p>- Acknowledgement of relevant transaction obtained from the other operator</p> <p>The above documents shall be signed and sealed by the Authorized signatory of the Company Officials (all pages).</p> <p>Relevant DVRs to be revised accordingly</p>
15	Bank Statement	
16	Requirement of Annexure-AO/AG or Annexure-A	<p>As per Order dated 28.06.2013, Auditor certified Proforma at Annexure-A of the Order was prescribed. However from FY 2014-15 Auditor certified Annexure-AO/AG/PP came to be prescribed. Accordingly it is directed that CCAs may accept either Auditor certified Annexure-AO/AG/PP OR Auditor certified Proforma at Annexure-A of Order dated 28.06.2013 for any FY upto and including FY 2014-15.</p> <p>Relevant DVRs to be revised accordingly</p>
17	National Roaming disallowance due to the invoices bearing SDR Value.	<p>CCAs are directed to allow the same subject to due process of verification of requisite documents as per extant orders, provided the concerned Invoices also have values quoted in INR. Relevant DVRs to be revised accordingly.</p>

18	Change in Operator Names	CCAs to consider change in name of Operators based on submission of CIN (Certificate of Incorporation). Any such disallowances may be accordingly considered and relevant DVRs to be revised accordingly
19	International Roaming calls/SMS - In cases of Seamless Roaming Agreement, all IR transactions are being settled with 7 Nodal Circles, and these Nodal circles are further settling with Non-Nodal circles through book adjustment reflected in AG Statement	In case of (Seamless roaming Services) SRS arrangement for both calls and SMS - International roaming transactions in non nodal circles should be allowed based on verification of Audited Annexure-AG and relevant debit note / credit note rather than IR statement. Any such disallowances may be accordingly considered and relevant DVRs to be revised accordingly
20	Disallowance of ACS(Audio Conference Service) Intra-company Transaction: It has been submitted that the enterprise division of the Company manages the business of ACS. As such the costs are getting recorded separately at the Head Office level. This is leading to gap between the AG and the GL extract, since the GL extract for the circle does not contain these transactions. It has been submitted by the TSP that this separate booking of cost related to ACS is for their administrative purposes to manage this stream of business.	These transactions may be allowed subject to auditor certification of the pass through charge, provided they have already been claimed in relevant year in prescribed claim sheet and invoices and payment proofs have been submitted. Relevant DVRs to be revised accordingly
21	Payment of Service Tax in FY 2006-07 to 2009-10 (pertains only to TATA)	In circles where the service tax has been disallowed, deduction should be allowed on basis of certificate from Statutory/Tax Auditor that the amount has been paid to Government of India and the same has not been claimed as deduction in any other circle/year. It should clearly state the year wise amount which should tally with the total ST claim. Relevant DVRs to be revised accordingly

22	Company name on Invoice/Bank statement is different from the Claim Sheet, although they are of same Group Company	<p>provided that:</p> <p>A. All the companies mentioned are of the same group</p> <p>AND</p> <p>B. the company name on the Invoice and Bank Statement/Bank Certificate are the one and same</p> <p>the Claimed deduction may be allowed subject to submission and verification of Invoice and payment proof.</p> <p>Relevant DVRs to be revised accordingly.</p>
23	Disallowance of Invoice not having Minutes of Usage and Rate	<p>Amount may be allowed subject to submission and verification of Invoice and payment proof.</p> <p>Relevant DVRs to be revised accordingly.</p>



No. 1-28/2013/CCAs/LFA-I(Pt)
Govt of India
Ministry of Communications
Department of Telecom
LFA Division
Sanchar Bhawan, New Delhi

Dated: 24.11.2021

F.No. 1-28/2013/CCAs/LFA-I(Pt)

To


All O/o Pr CCAs/ CCAs
O/o Jt. CGCA (Revenue)

Subj: Implementation of DoT Guidelines/Clarifications dated 23.03.2021
Ref: Guidelines/Clarifications pertaining to DVR dated 03.02.2020 &
23.03.2021

Respected Ma'am/Sir

It is hereby clarified that the "Guidelines/Clarifications towards Deduction verification exercise" dated 23.03.2021 by DoT is to be applied for deduction verification work for FY 2019-20 onwards.

This issues with approval of Competent Authority.


24/11/21
Bhavesh Anil Sharma
ADG (LFA-I)
bhavesh.anils@gov.in

Copy to

- 1. PPS to Secretary(T)**
- 2. PPS to Member(F)**
- 3. PS to Advisor(F)**
- 4. DDG(LFI)/DDG(LFA) / DDG(WPF)**

I/3041016/2022

**Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhawan
20-Ashoka Road, New Delhi – 110001.**

No.03/Misc/Dir(LFA-III)/2021

Dated : .04.2022

To,
All Pr CCAs/CCAs

Sub: Apportionment of USO levy out of LF receipts

It is to bring to your kind attention that subject to applicable license agreement, 5/8th of the License Fee receipts is to be apportioned into USO levy. In this regard, it may be noted that for apportionment of USO levy out of LF receipts from VNO Licensees, heads of the accounts have been created for FY 2022-23 onwards (Copy attached).

Given that these USO levy heads are active from FY 2022-23 onwards and USOF apportionment in FY 2021-22 is necessary, I am directed to convey that 127500105030000-Others may be used for apportionment of USO levy out of Licensee fee receipts from VNO Licensees for the FY 2021-22. FY 2022-23 onwards, the new heads created may be utilized in line with License agreement to ensure correct apportionment.

This issues with the approval of competent authority.

**Signed by Shankara Nand
Mishra**

Date: 29-04-2022 15:00:46

Reason: Approved

(Shankara Nand Mishra)
Director (LFA-III)

Copy to:

Jt CGCA(Revenue) for kind information