

FAQS (ASSESSMENT OF LICENSE FEE)

1. What is Gross Revenue?

Ans. The Revenue earned by a Licensee through operation of the License and all the other income earned is collectively called Gross Revenue (for details kindly refer to the License Agreement).

2. What is Adjusted Gross Revenue (AGR)?

Ans. The revenue arrived at, after deducting permissible components from the Gross Revenue is called Adjusted Gross Revenue. License Fee(LF) is levied on the AGR arrived, as described in License Agreement.

3. Whether Other Income is also to be included in AGR?

Ans. Other income such as Interest, Dividend, Foreign Exchange Fluctuation Gain, Miscellaneous Income etc. shall constitute AGR and License Fee (LF) will be charged as per License Agreement.

4. What is the schedule of payment of License Fee (LF) dues?

Ans. LF is payable in four quarterly instalments during each Financial Year(F.Y.). LF for the first three quarters shall be paid within 15 days of the completion of relevant quarter on the basis of actual revenue (on accrual basis). LF for the last quarter shall be paid by 25th March on the basis of expected revenue, subject to minimum payment equal to the actual revenue share paid for the previous quarter. (except for CUG-VSAT & CMRTS Licenses, where quarterly LF is paid in Advance).

5. Specify the documents to be submitted with quarterly LF payments?

Ans. Every quarterly payment shall accompany: -

- i) Statement of Revenue & License Fee i.e. AGR statement;

- ii) an affidavit by a representative of the Licensee, authorized by the Board Resolution coupled with General Power of Attorney and
- iii) duly filled-in challan forms (4 copies).

6. What are the documents required to be submitted for annual assessment of License Fee?

Ans.

- (i) Audited Revenue and Licence Fee Statements, separately for each quarter.
- (ii) Audited Annual Accounts including *Profit and Loss Account* and Audited *Balance Sheets* along with schedules.
- (iii) Audited Reconciliation Statement reconciling the difference of Gross Revenue between P&L Account and Revenue & License fee statements.
- (iv) Auditor's Certificate for non-commencement of Services, if the services have not commenced.
- (v) Copy of challans as proof of Licence Fee paid for each quarter.
- (vi) Details of Service Tax and Sales Tax billed, collected and paid to the Government along with proof of payment.
- (vii) Annual Report for the period.

7. What is the minimum LF payable, if services have not been commenced?

Ans. Licensees who have obtained ISP-IT Licenses after 24/08/2007 are required to pay minimum of Rs.50,000/- (Rupees Fifty Thousand only) and Rs.10,000/- (Rupees Ten Thousand only) for category 'A' & 'B' service areas respectively per annum, per licensed service area.

8. What if, the License Fee is paid in short /delayed?

Ans. Any short/delayed payment of LF attracts interest at a rate which will be 2% above the Prime Lending Rate (SBAR) of State Bank of India prevalent on 1st day of the Financial Year. The interest is compounded monthly and a part of month (English Calendar) is reckoned as a full month.

9. When & why Penalty & interest on penalty is levied?

Ans. In case, total amount paid as quarterly LF for all 4 quarters of the F.Y. fall short by more than 10% of the payable LF, it shall attract penalty of 50% of the entire short payment. However, if such short payment is made good within 60 days from the last day of the F.Y. i.e. by 30 May, no Penalty shall be imposed.

This amount of penalty shall be payable within 15 days of date of signing the Audit Report on the annual accounts, failing which interest shall be further charged.

10. What shall be the Last date of payment, if 30th May is a Sunday or a Public Holiday?

Ans. For the purpose of payment of quarterly LF the intervening Saturday/Sunday/Public holidays on the Last day of the prescribed period shall not result in extension of the specified period of payment.

11. Whether deductions are admissible for whole amount of Service/Sales Tax billed /collected, if the same has been included in Gross Revenue?

Ans. The Deductions in respect of Service/Sales Tax are admissible only for the amount which have been actually paid to the Government and provided proof for the same has been enclosed. No adjustment is permissible.

12. Whether netting is allowed in Foreign Exchange Fluctuation?

Ans. Netting is not permissible. The Operators have to furnish details of Gross Foreign Exchange Fluctuation gain and losses separately.