

Sectoral

Telecom

1. How much FDI is allowed under telecom sector?

100% FDI is allowed in the telecom sector under automatic route.

2. What are the advantages of investing in telecom sector?

Some key incentives for investors in the telecom sector are: Basic customs duty (BCD) and special additional duty have been withdrawn. Importers of mobile handset components such as chargers, adaptors, batteries and wired handsets need to pay only the countervailing duty of 12.5%. A duty advantage of 10.5% exists for local manufacturers of mobile speakers and batteries

3. What are the government FDI policies for telecom sector?

100% FDI is allowed in the telecom sector under the automatic route. For more information, click here [1] [2]

4. List the admissible deductions.

Deductions claimed on account of PSTN related call charges and roaming charges (Pass through charges/Interconnect Usage Charges) actually paid to eligible Telecom Service Providers and Sales Tax & Service Tax (if included in the Gross Revenue) actually paid to Government are admissible.' For more information, click here.

5. What are Inter- Company/Group Company and Intra-Company/Group Company transactions?

Inter-Company/Group 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/Group 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/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-Company/Group Company transactions. Please Note: Names of Companies used are for reference/illustration only.

6. What are the documents required for verification of deductions by the CCA offices?

The required documents are as follows- 1) Covering letter with check list for submission of documents in prescribed proforma. 2) Quarterly Statements of Revenue and Licence Fee (AGR). 3) Photocopies of invoices duly signed by the Authorised Signatory. 4) Payment proof duly signed by the Authorised Signatory. 5) Certified copy of the ledger in case of Intra-Company settlement along with Annexure-AG. 6) Certified copy of the statement of net settlement in Annexure-AO in case of Inter-Company settlement. 7) Certified copy of Statement of part payments made in annexure – PP in case of part payments made due to billing disputes. 8) Power of attorney by Authorised Signatory declaring that information and documents so provided are authentic and verified by the licensee. 9) Power of attorney should be submitted with the concerned CCA offices. 10) 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. 11) At the end of the Financial Year, Audited quarterly statements of Revenue and Licence Fee (AGR).