



Bharat Sanchar Nigam Limited
Office of the Chief General Manager, Tamilnadu Circle, Chennai-600002.
No.TAX/Point of Taxation/Vol.II/2 dated at Chennai the 09-10-2013.

To

1. **IFAs of all SSAs of Tamilnadu Circle.**
2. **IFA, CMTS, Trichy.**
3. **The CAO (CMTS) Circle Office.**

SUB: Exemption from Service Tax on services provided by BSNL franchisees for Selling or distribution of SIM card or recharge coupon vouchers w.e.f 1.7.2012 – clarification –reg.

REF: Corporate Office Lr.No.1002-02/2011-12/Taxation/BSNL Franchisees/707 dated 4.10.2013.

Kindly find enclosed a copy of the Corporate Office letter cited under reference on the above subject for information, guidance and necessary action.

As per the Corporate Office instructions, the services provided by BSNL franchisees by way of selling and distribution of recharge coupon voucher through electronic form i.e, e-top-up, e-pin etc (for mobile services) are exempt from Service Tax with effect from 01.07.2012.

G. Srinivas 15/10/13
Chief Accounts Officer (Plg & Txn),
Office of the CGM,
BSNL,
Tamilnadu Circle,
Chennai-600002.

Encls: as above.

CORPORATE OFFICE, TAXATION SECTION
1ST FLOOR, BHARAT SANCHAR BHAWAN
JANPATH, NEW DELHI-110001

BHARAT SANCHAR NIGAM LTD.

BHARAT SANCHAR NIGAM LIMITED
[A Government of India Enterprise]

No. 1002-02/2011-12/Taxation/BSNL Franchisee/ 707

Dated: 10/09/2013

04.10.2013

To

The Chief General Managers

1. All Telecom Circles/ Metro Telephone Districts/Maintenance Regions/ Project Circles
2. Task Force/Data Network/ NCES/ QA/ T&D (Inspection)/ Telecom Stores/ Telecom Factories/ CPAO(ITI Bills)/ IT Circle, Pune
3. ALTTC/BRBRAITT/NATFM
4. All GMs of CM Business Vertical, BSNL CO

Sub.: Exemption from Service Tax on Services provided by BSNL franchisees for Selling or distribution of SIM Card or Recharge coupon vouchers w.e.f. 01.07.2012- clarification reg.

Ref.: (i) This office letter no. 1002-15/2011-12/Taxation/BSNL/258 dated 29/06/2012

(ii) M.P. Telecom Circle letter no.: -GM(CM)/AO (CASH)/ S.Tax/2011-12 dated 24.09.2012 and no. GM(CM)/AO (CASH)/ S.Tax/2011-12/2/36 dated 03.11.2012.

Kindly refer to this office letter cited under reference at (i) vide which notification no. 25/2012-ST dated 20.06.2012 issued by Department of Revenue, Ministry of Finance, Government of India was circulated to all circles/ units of BSNL for implementation.

The above mentioned notification provides the list of services on which Service Tax is not applicable with effect from 01.07.2012. Sl.no.29 (f) of the said notification provides the provision concerning Telecommunication Services which is reproduced as follows:-

"selling agent or a distributor of SIM cards or recharge coupon vouchers."

In view of the above provision, instructions were issued to the Circles/units vide reference no. (i) dated 29.06.2012 informing that services provided by BSNL franchisees for selling and distribution of SIM cards or recharge coupon voucher of BSNL are exempt from Service Tax. Hence, BSNL is not required to pay Service Tax to the franchisees for selling and distribution of its SIM cards or recharge coupon vouchers w.e.f. 01/07/2012.

In this connection, a query has been received in this office from MP Circle wherein clarification has been sought on "Whether electronic recharge through electronic mode i.e. e-top up, e-pin etc (for mobile services) would also come under the ambit of recharge coupon vouchers as mentioned at Sl.No. 29(f) of the above mentioned notification?"

The matter has been examined in consultation with Sales & Marketing-CM branch of BSNL CO. It is clarified that Recharge coupons in physical (paper) form, e-top-up & e-pin in electronic form are various modes used for recharging/ extending validity of a prepaid mobile connection. The physical form of recharge coupons made of paper are a tangible product whereas their electronic forms are intangible. Therefore, both physical form as well as electronic form of recharge comes under the ambit of Recharge Coupon vouchers. Accordingly, electronic recharge through electronic mode i.e., e-top up, e-pin etc. (for mobile services) fall under the ambit of recharge coupon voucher as mentioned in Sl. No. 29 (f) of the Notification no. 25/2012-ST dated 20.06.2012. Hence, services provided by BSNL franchisees by way of selling and distribution of recharge coupon voucher through electronic form i.e. e-top-up, e-pin etc. are also exempt from Service Tax w.e.f. 01.07.2012.

It is requested to kindly go through the above clarification and contents of the same may be widely circulated to all concerned for information, necessary action and guidance.

This issues with the approval of GM (Taxation), BSNL CO.

(K M Qanungo)
DGM (Taxation)
BSNL C.O.