

	 BHARAT SANCHAR NIGAM LIMITED (A Government of India Enterprise) Corporate Office (Revenue Management Branch - CFA) 2 nd floor, Room No. 216, Eastern Court, Janpath, NEW DELHI-110 001
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No. 2-107/Service Tax/2006-TR/BSNL

Dated: 18-12- 2012

To

All Heads of Territorial Circles/Metro Telephone Districts/ Maintenance Regions/ Project Circles,
Bharat Sanchar Nigam Limited.

Subject: Treatment of Service Tax on amount of rebate/credit/adjustment due to cancellation of bills in respect of excess billing cases and settlement of broadband billing disputes under Samadhan Scheme - regarding.

It has been noticed that BSNL units are not adopting uniform procedure for allowing rebate/credit/adjustment to the Customer's Billing Account in respect of excess billing cases and settlement of broadband billing disputes under Samadhan Scheme etc. Therefore, the matter of prescribing uniform procedure was under consideration in this office from quite some time. The matter has been examined in consultation with the Taxation Section , Revenue Assurance Section of Corporate office, New Delhi, and ITPC, Pune and decision has been taken to issue guidelines from Corporate Office to be followed uniformly henceforth in all the BSNL units in such cases.

In this regard as intimated by the ITPC Pune the option for passing adjustment through Complaint Menu & through Service Request Menu are available only in North and West Zone. Therefore, in respect of the units falling under North and West Zones AOTR should select the said invoice through the Complaint Menu for passing out the desired adjustment. In respect of South and East Zone where the option for passing adjustment through Complaint Menu & through Service Request Menu is not available, the AOTR should select adjustment invoice (bill) for passing out adjustment against the particular bill. Thus the adjustments in either of the situations in all the Zones have to be passed by selecting the proper invoice (bill) only.

However, there can be two types of cases requiring such adjustments on account of rebate/credit/adjustment to the Customer's Billing Account in respect of excess billing cases and settlement of broadband billing disputes under Samadhan Scheme viz. namely (1) cases arising due to non provision or deficiency in provision of service and (2) cases where the services have been provided but at some later date decision is taken to allow some rebate or concession to the customer on settlement of customer's complaint.

The following procedure shall be followed in dealing the two types of cases mentioned above.

1. Cases arising out due to non provision or deficiency in provision of service: -

Cases coming under this category can be of grant of rebate/credit or making adjustment in FMC of Landline, PRI, Broadband, Modem and other services etc. against the charges already billed/collected in advance along with the applicable Service Tax in cases where the service was not provided fully or partly. The cases where there has been deficiency in provision of service due to fault in line or any other reason leading to prolonged interruption of service can also be there.

The amount of Service Tax billed in such cases has to be adjusted against the liability of Service Tax payment on output services, so that there is no loss to BSNL for the credit given to Customer's Billing Account on account of Service Tax (not actually due). **The procedure to be followed in this regard, in making necessary adjustments in Customer's Billing Account will be as follows:**

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In such cases amount of rebate to customer's account may be provided selecting a particular bill and passing the adjustment with service tax option, so that once credit for basic rebate is allowed, applicable Service Tax gets calculated by the CDR system.

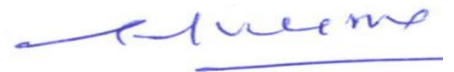
2. **Cases where the services have been provided but at some later date decision is taken to allow some rebate or concession to the customer on settlement of customer's complaint. :**

Cases coming under this category can be of grant of rebate/credit or making adjustment in recurring/variable charges like usage etc., under Samadhan Scheme, Excess billing complaints on account of Court Judgements, Decisions given by Telephone Adalats or by any other authority etc., where the services were actually provided, and it is decided subsequently to allow rebate/concession to the Customer.

The amount of rebate/concession granted in such cases shall have effect on the basic amount billed for provision of service (to the extent the rebate is allowed) plus the applicable Service Tax thereon. In such cases, however, if the amount under Service Tax component on the rebate amount is cancelled, the adjustment of such Service Tax through the output service cannot be claimed as the same is not permissible as per Point of Taxation Rules, 2011. Therefore, cancellation of amount of Service Tax component in such cases if done shall result in loss to BSNL. **It has therefore, been decided that in such cases, while granting rebate or concession to a customer, the rebate should be granted for the basic amount only and not in respect of the Service Tax amount already billed/collected.**

In such cases the amount of rebate to customer's account may be provided by selecting a particular bill and passing the adjustment without service tax option so that credit only for basic amount billed is allowed to customers.

It is requested that the above guidelines may be brought to the notice of all concerned and be followed strictly.



(G.P. Verma)
GM (Finance) – CFA.

Copy for information to:-

1. CMD, BSNL
2. Director (Finance)/ Director (HRD)/ Director (CFA)/ Director (CM)/Director (EB)/ Director (NB) BSNL Board.
3. All Executive Directors, CO BSNL.
4. All PGMs/ GMs in CO BSNL.
5. DGM (RM-I/II)-CFA/ DGM (T&C)-CFA, CO BSNL, ND.
6. AGM (RM-I)-CFA/ AGM (RM-II)-CFA/ AGM (RM-III)-CFA/ AGM (RM-IV)-CFA/, CO BSNL, ND.
7. **The CGM, ITPC, RTTC Building, Plot No. G-121 & 122, MIDC "G" Block, Chinchwad, Pune-411019**, for information and necessary action.
8. **IFAs of All Heads of Territorial Circles/ Metro Districts/ Maintenance Regions** for information and necessary action.
9. **File No. 2-22-2007/BSNL-TR/Pt. IV**