

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



BHARAT SANCHAR NIGAM LIMITED
[A Government of India Enterprise]

No: 1001-26/2002/VPT/Taxation/ Part / 250

Dated: 20-10-2011

To

CGMs of all Telecom circles/ Metro Districts/ Maintenance Regions/ Project Circles/ Task Force/Data Network / NCES/ ALTTC/ BRBRAITT/ NATFM/ Q&A/ T&D / Telecom stores/CPAO (ITI Bills)/IT Circle Pune/ AGM(R&P) Corporate Office.

Sub: - Exemption from Service Tax on Village Public Telephones (VPT)-reg.

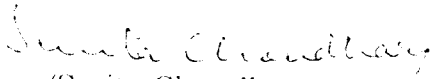
Ref:- This office letter no. 1001-26/2002/VPT/Taxation/ Part / dtd. 27-02-2009.

Kindly refer to this office letter cited above wherein letter No. 10-21/2008-SU.I dated 11th Aug, 2008 of Department of Telecom (DOT), Sanchar Bhawan, New Delhi was circulated on the above noted subject and it was clarified that VPT with facility of local calls only (without 95 or STD facility) are guaranteed in nature and falls under "Guaranteed public Telephone operating only for local calls" as per CBEC notification no. 3/94-ST, Dated 30-06-1994.

Further in this connection please find enclosed herewith CBEC, MOF, Govt. of India circular F. NO. 146/15/2011-ST Dated 20th Sept, 2011 wherein the same is also clarified that " ... as per sl. No. 13 of the table appended to the notification No. 3/94(S.T.) dated 30.06.1994, there is exemption for 'Guaranteed public Telephone operating only for local calls' and therefore , **M/s BSNL** is eligible for exemption under this provision..."

This may be brought to the notice of all concerned and the said CBEC circular may be produced before the Service tax authorities during the course of adjudication/ Appellate authorities/ courts, if needed.

Encl: As stated.


(Smita Choudhary)
GM (Taxation)

Copy to:-

1. IFAS of all circles for information and necessary action.
2. ED(F), BSNL CO New Delhi-1
3. All PGM/GM of Finance wing of BSNL Corporate office New Delhi-1.

Circular No. 146/15/2011 – Service Tax

F. No. 137/115/2011 – Service Tax
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise & Customs)

New Delhi, the 20th September 2011

To

Chief Commissioners of Central Excise & Customs (All)
Chief Commissioners of Central Excise (All)
Director General of Central Excise Intelligence
Director General of Audit & DGST
Commissioners of Service Tax (All)

Madam/Sir

Subject: Service Tax – Audit of the accounts of M/s Bharat Sanchar Nigam Ltd, Tiruchirapalli – Issue of eligibility or otherwise of Notification No.03/1994 - ST dated 30.6.1994 in case of telephone services for local calls provided through Village Panchayat Telephones – regarding.

Reference has been received from the Chief Commissioner, Central Excise, Coimbatore, wherein, a clarification has been requested for uniformity in assessment as regards levy of service tax on telephone services rendered by M/s BSNL through Village Panchayat Telephone (VPT) with local call facility, after M/s BSNL have become a public sector unit.

2 The issue in brief is that M/s. BSNL, which was earlier (that is, prior to 1.11.2000) known as Department of Telecommunications, had been rendering telephone services through Village Panchayat Telephone (VPT) for local call facility.

2.2 Notification No.3/94-ST dated 30.6.1994 exempts specified taxable services and includes interalia - '*Departmentally run Public Telephones for local calls*' (SI.No.12 of the table under the Notification). Thus, upto 31.10.2000, the Department of Telecommunications was correctly availing exemption under the above provisions for rendering the said services. However, after 1.11.2000, Department of Telecommunications was corporatized into M/s BSNL, a public sector undertaking. **Therefore, a doubt has arisen as to whether M/s BSNL would be eligible for the said exemption under SI.No.12 of the table appended to notification No.3/94, since it is not a government department anymore.** There have been conflicting views on the subject and a clarification has therefore been requested.

3. The matter has been examined. As per SI.No.13 of the table appended to the Notification No.3/94(S.T.) dated 30.6.94, there is exemption for '*Guaranteed Public Telephone operating only for local calls*' and therefore, M/s. BSNL is eligible for exemption under this provision. In this context, the PSU Division of Department of Communications, Ministry of Communications and IT, has also clarified that Village Public Telephones (VPTs) with facility of local calls (without 95 dialing facility or STD facility) would fall under the category of '*Guaranteed Public Telephone operating only for local calls*'.

4. **Thus, even after 1.11.2000, M/s. BSNL continue to be covered under the ambit of the said notification (by virtue of SI.No.13 of the table appended to the notification) and, therefore, are clearly eligible for exemption.**

5. It is requested that all pending matters on this issue may please be decided accordingly.

Yours faithfully

(Deepankar Aron)
Director (Service Tax)
CBEC, New Delhi
Ph. 011 2309 3355