

● AGR ROW

DoT to reassess dues based on docs provided by telcos

This is the first time the DoT has said it will do reassessment of dues based on the documents submitted by telecom operators

KIRAN RATHEE
New Delhi, March 12

THE DEPARTMENT OF Telecommunications (DoT) will do reassessment of AGR dues based on self-assessment documents submitted by telecom operators and send revised demand notices based on that.

According to minister of state for communications Sanjay Dhotre, telecom firms have been directed to make payments on the basis of self assessment and submit requisite documents for compliance. "Following this, DoT will carry out reassessments on the basis of the documents submitted... and issue revised demand notices," Dhotre said in a written reply in the Rajya Sabha.

This is the first time DoT has said it will do reassessment of dues based on the documents submitted by telecom operators. As of now, the DoT has pegged the AGR dues owed by all telecom operators at ₹1.47 lakh crore, of which ₹1.02 lakh crore is owed by three firms – Bharti Airtel, Vodafone Idea and Tata Teleservices.

Bharti Airtel chairman Sunil Mittal, who met telecom secretary Anshu Prakash on Wednesday in connection with



the AGR dues, reiterated that the company had fully paid its dues. He said apart from the payment, Airtel has also submitted supporting documents regarding self assessment.

While the DoT had said Bharti Airtel owed ₹35,586 crore in AGR dues, the telco has assessed its dues at ₹13,004 crore. It has, however, paid the DoT an extra ₹5,000 crore on top of this to account for any other contingencies and possible errors in its calculations or the DoT disallowing some of the expenses it has claimed.

Vodafone Idea was said to owe ₹53,039 crore while its own assessment puts the figure at ₹21,533 crore. In the case of Tata Teleservices, while the DoT estimated its dues at ₹13,823 crore, the company has put it at ₹2,197 crore. Tatas, however, have paid extra ₹2,000 crore to cover differences arising out of reconciliation exercise of DoT.

Vodafone Idea has so far paid just ₹3,500 crore, and has made it clear it cannot pay the balance unless there is a rescue package from the government. The DoT, however, informed Parliament in a

written reply that no relief package is under consideration.

The DoT on March 4 had asked all companies to pay the remaining dues and submit self-assessment documents. The need for issuance of notices arose because the self-assessment amount arrived at by companies is way lower than calculations done by the DoT.

As per the government, telecom firms owe ₹1.47 lakh crore in AGR dues, and till now nearly ₹25,900 crore has been received by the DoT.

It must be mentioned that companies have to pay the AGR dues in compliance with the October 24 order of Supreme Court. The apex court is scheduled to hear the matter on March 17. The MDs of the companies will have to appear to show compliance or face contempt proceedings.

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FE BUREAU
New Delhi, March 12

A RATE HIKE on several items like mobile phones, footwear, fertiliser, tractors and renewable energy devices, among others, would be considered by the GST Council in its meeting on Saturday to correct the inverted duty structure (IDS) on these goods, sources said. This would fetch the government as much as ₹20,000 crore annually, which is otherwise disbursed as refunds in lieu of accumulated input tax credit (ITC).

IDS arises when the tax on finished products is lower than its inputs, which restricts manufacturers from utilising ITC. While the GST system allows refund of accumulated credit, this often involves associated cost and efforts along with cash flow issues.

While the move would augment revenue collection, it would not be enough to address the shortfall of protected revenue for states which is estimated to be at ₹28,000 crore at the end of FY 20. The GST Council in its last meeting proposed several measures, including merging slabs into higher ones, raising rates and cess on existing items, to shore up revenue.

However, it is unlikely any of these options would be approved by the Council just yet, an official said. This meeting would primarily focus on correcting the inverted duty structure faced by certain items so that the regime can work more efficiently, he added.

Sources pointed out that a 12% GST on mobile phones was problematic as most inputs were taxed at 18%. Further, there is no justification



for taxing mobile phones at 12% when items like TV, torches, geyser and heaters attract the GST at 18%.

Similarly, sources said that while correcting the tax rate on fertilisers would increase subsidy, and would cause additional burden on the government, this was still desirable for simplifying GST given that this would not impact farmers as fertilizer is a subsidised product and urea prices are regulated.

While the pre-GST tax incidence on fertiliser was 9.75%, it was put in the 5% slab when the GST was launched. This has led to ITC refunds of about ₹6,000 crore on fertilisers since July 2017.

Man-made fibre also faces the same scenario as products such as polyester, acrylic and viscose are taxed at 18% but their value-add products – yarns – attract GST at the rate of 12%. This inversion is further propagated in the value chain as fabrics attract GST at the rate of 5%. Garments, in turn, attract GST at

the rate of 5% (up to ₹1,000 per piece) and 12% (if more than ₹1,000 per piece).

A total refund of about ₹1,600 crore has so far been claimed on man-made yarn and another ₹2,300 crore has

been claimed on fabrics and other textile items, a presentation to the GST Council on why inversion needs to go said.

The Council would also be told that differential rates

and slow process of refunds on accumulated input tax credit have affected the competitiveness of the industry and has proven to be a deterrent for investment in the sector, sources said.



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LAST DATE 15th March, 2020

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