

CORPORATE OFFICE  
TAXATION SECTION  
1ST FLOOR,  
BHARAT SANCHAR BHAWAN,  
Harish Chandra Mathur Lane  
JANPATH, NEW DELHI-1



BHARAT SANCHAR NIGAM LIMITED  
[A Government of India Enterprise]

No: 1002-68/2010-11/Taxation/BSNL Circular / 22

Dated : 17/01/2012

To  
CGMs of Telecom circles/ Metro Districts/ITPC Pune

**Subject: Service Tax implication on replacement of SIM cards/recharge coupons:- reg.**

In case of Pre- paid cellular service there are instances when old recharge coupons/ SIM cards are returned by the distributors and new vouchers amounting to the same value are provided by BSNL in exchange. The Service tax implication on said activities has been examined in consultation with M/s Ernst & Young Pvt. Ltd. and the following procedure needs to be adopted to bring it in line with Services Tax Rules.

- BSNL can adjust the Service Tax paid to the extent of the returned vouchers under Rule 6(3) of STR, 1994 against service tax payable on output service in subsequent months.
- Further, Service Tax needs to be paid by BSNL on the value of taxable services i.e. the new recharge coupons provided to the distributor.

This issues with the approval of competent authority.

(K Jothi)  
DGM (Taxation)

Copy for information and necessary action to:

1. IFAs of all circles mentioned above
2. GM(F-CM)/GM(CA) BSNL CO New Delhi.
3. GM(F), ITPC Pune.