
 <p>India Broadband 2007 Linking India</p>	 <p>BHARAT SANCHAR NIGAM LIMITED (A Government of India Enterprise) Corporate Office (Revenue Management Branch - CFA) 2nd floor, Room No. 216, Eastern Court, Janpath, NEW DELHI-110 001</p>
--	---

No. 2-18/2013-BSNL/RM-I-CFA

Dated: 4th Sept, 2013

To

**All Heads of Territorial Circles/ Metro Telephone Districts
Bharat Sanchar Nigam Limited.**

Circular

Subject: - Procedure for Recovery of Revenue Share, Service Tax, License Fee and other Taxes & Levies from Franchisee in respect of IPTV Services and accounting thereof.

It is noticed that uniform policy/ procedure is not being followed in units regarding recovery of Revenue Share and other charges in respect of IPTV Services and in adopting the proper Commercial, Billing and Accounting procedure thereof. In order to get the procedure in this regard followed uniformly in all the SSAs of BSNL Circles across the country, it is imperative to prescribe a proper procedure for Billing, Accounting of IPTV Service and Apportionment of Revenue Share between Franchisee and BSNL in respect of IPTV Service (Post-paid as well as Pre-paid); broadly based on the agreement already made by BSNL with the IPTV Franchisee viz. M/s Aksh Optifibre Limited for post-paid IPTV service.

A. Procedure for Billing and payment of revenue share for Post-paid IPTV Service:

1. At the beginning of each month the Franchisee shall provide a list of customers registered with him utilizing IPTV service to the Nodal/Commercial officer nominated by the Head of SSA who shall be responsible for reconciliation of the customer data base of IPTV service as provided by the Franchisee with the customer data base for IPTV service as per BSNL's switch and CDR Billing and Accounting System, so as to avoid any chance of non-billing.
2. Franchisee shall provide the debit feed file for the fixed monthly charges, the usages generated from its (Franchisee's) billing system and any other charges due in respect of all customers served through its solution to the Accounts Officer (Incharge of billing), of the concerned SSA, to which the customer belongs, on a monthly basis by the 2nd of every month. This shall be supplied in soft copy as well as hard copy. The format will be as prescribed by BSNL.
3. Information of Charges due including usage information as provided by the Franchisee shall be used and debited to customer's bills by BSNL.
4. The IPTV customers shall be billed by debiting the IPTV charges in their Landline bills on monthly basis.
5. **Disconnection of service in case of non-payment:** Customers shall have to pay the bills by due date. In case of non-payment of bills by the customer by the due date, the IPTV service shall be liable for disconnection simultaneously with the disconnection of out-going facility of Land line telephone. In case the customer is having only the incoming facility on his Landline telephone, it has to be ensured by the concerned switch authorities of BSNL and Franchisee to disconnect the IPTV service in case of non-payment of dues.
6. **Revenue Share Payment Process:**
 - a) Based on the billing information provided by the franchisee for a particular month, the claim for its Revenue Share shall be raised by the Franchisee on 7th of second following month so that the BSNL authorities concerned shall be able to settle the same by 28th day of the second following month based on the amount realized during the first month of issue of bills. **That means that the Revenue Share in respect of bills for the usage and other charges for the month of March billed in the month of April shall be claimed by the Franchisee by 7th of May and settled by BSNL by 28th of**

May after verification of amount realized from IPTV service (Post-paid) during the month of April on finalization of Sub-ledger for the month of April.

- b) The bill will be verified by BSNL for accuracy and deduction of penalties if any.
- c) The payment of revenue share to the Franchisee will be made by BSNL by 28th of the month.
- d) The BSNL receivables from Franchisee are Bandwidth Charges, Co-location Charges and Share of Advertisements Revenue. The Bandwidth Charges and Co-location Charges as applicable shall be paid by the Franchisee in advance as per commercial conditions of BSNL on the subject issued from time to time. Regarding Revenue Share from Advertisements the sharable revenue shall be paid by Franchisee to BSNL by 7th of each month. BSNL shall settle the claim of Revenue Share after deducting the amount receivable on account of its own Revenue Share of Advertisement Revenue, and statutory levies if any, as per relevant clauses of agreement.
- e) In case BSNL is in net receipt, the claim shall be raised by BSNL on Franchisee by 10th of the month, and the same shall be paid by Franchisee by 28th of the same month.
- f) The payment of Revenue Share shall be made to the Franchisee after the deduction of applicable statutory levies like License Fee etc. and/or taxes applicable from time to time, from the Revenue Accrued on account of provisioning of content based services to the customers. All such taxes/levies shall be a pass-through item and shall be billed to and collected from the customer and paid to the respective statutory bodies by BSNL, except such cases where liabilities arise on account of claims raised by concerned authorities in post facto manner, wherein such liability shall be shared in the same ratio as the Revenue share of the respective services.
- g) Any discrepancy found would be mutually discussed and resolved. Balance of payments arising due to any reason shall be adjusted in future payments by BSNL.

B. Procedure for Billing and payment of revenue share for Pre-paid IPTV Service:

1. Since the Pre-paid IPTV service can be availed by the customers only after paying the charges in advance, the Pre-paid IPTV service shall be availed by the BSNL customers on purchase of pre-paid vouchers from the Franchisee concerned or from BSNL Customer Service Centers. At the time of PIN generation for the pre-paid vouchers, the Franchisee shall be charged by BSNL as follows:
 - a) License Fee at applicable rates on the card value of IPTV Pre-paid Vouchers excluding Service Tax , if card value is including Services Tax..
 - b) Service Tax at applicable rates on the IPTV Pre-paid Vouchers.
 - c) Any other taxes/ levies shall also be charged at applicable rates on the Gross Amount of voucher before apportioning of Revenue Share between franchisee and BSNL.
 - d) In addition to the levy of above charges, BSNL shall recover its Revenue Share from the remaining amount of the voucher and generate the PINs in respect of such vouchers to be purchased by BSNL customer from Franchisee for availing pre-paid IPTV service.
 - e) BSNL shall levy Service Tax at the applicable rate (presently @ 12.36%) on 100% Card/Usage Value of Prepaid Voucher (Gross Value/ MRP of Prepaid Voucher less Service Tax) on account of IPTV Service to its Franchisee and Service Tax shall be deposited with the Service Tax authorities by the due date.

An example for the calculation of amount to be taken is given as under;

Head	Recharge Vouchers(including Service Tax)	Recharge Vouchers(Excluding Service Tax)	Head of Account
Card Value	100.00	112.36	
Revenue portion	89.00	100.00	Revenue
Service Tax @ 12.36%	11.00	12.36	Service Tax payable
Franchisee Revenue Share @ 90%	80.10	90.00	Expenditure/ Commission
BSNL Revenue Share @ 10%	8.90	10.00	
Franchisee License Fee portion @ 8%	6.41	7.20	
Amount to be collected from Franchisee	BSNL Revenue share + Service Tax + Franchisee lic fee portion i.e. 8.90+11.00+6.41=26.31	BSNL Revenue share + Service Tax + Franchisee lic fee portion i.e. 10.00+12.36+7.20=29.56	Bank Account

2. **Disconnection of service in case of non-payment:** In case the customer does not re-charge IPTV connection on or before the expiry of validity or the previous Pre-paid IPTV re-charge voucher, the IPTV service should automatically get stopped for the said customers in the Franchisee's as well BSNL's switch. Franchisee shall be responsible to ensure that the service to such Customer is withdrawn promptly after expiry of the validity period of the previous re-charge voucher.

The detailed Accounting procedure and allotment of new Heads of Accounts in respect of IPTV (Pre-paid and Post-paid) Services and other levies/recoveries shall be issued by the Corporate Accounts Branch of the BSNL Corporate Office, New Delhi.

The detailed Commercial instructions shall be issued by the NWP-BB Branch of BSNL Corporate Office, New Delhi.

These instructions are issued with the approval of the Competent Authority.



(G.P. Verma)
G.M. (Finance) CFA

Copy for information to:-

1. CMD BSNL
2. All Directors, BSNL Board.
3. All Executive Directors, BSNL Corporate Office, New Delhi.
4. All PGMs/Sr. GMs/GMs in BSNL Corporate Office, New Delhi
5. GM (Corporate Accounts), BSNL Corporate Office, New Delhi for information and necessary action regarding issue of detailed Accounting procedure and allotment of new Heads of Accounts in respect of IPTV Post-paid and Pre-paid service.
6. Sr. GM (NWP-BB), BSNL Corporate Office, New Delhi for information and necessary action regarding issue of detailed Commercial Instructions in respect of IPTV Post-paid and Pre-paid service.
7. CGM, ITPC, Pune for information and necessary action including arranging to make suitable modifications in various Commercial, Billing and Accounting System.
8. IFAs of all the Heads of Telecom. Circles, Bharat Sanchar Nigam Limited.
9. M/s Aksh Optifibre Limited, J-1/1, B-1, Extension, Mahan Co-operative Industrial Estate, Mathura Road, New Delhi-110044 (India) Fax-011-26991510 E-mail: aksh@akshoptifibre.com
10. Intranet portal of BSNL.
11. File No. 64-28/2012-BB/Aksh-Pt5 of NWP (BB) Branch of BSNL Corporate Office.