

F. No. 149/4/2005-CX.4
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise and Customs)

Subject: Applicability of service tax on international in-bound roamers under telephone service – reg.

A doubt has arisen regarding the applicability of service tax levy on roaming service provided to an international in-bound roamers i.e. subscriber of foreign telecom network, when in India, by the Indian telecom service provider.

2. **Roaming** is a general term in wireless telecommunications that refers to the extending of connectivity service in a location that is different from the location/network area of home network and it occurs when a subscriber of one wireless service provider uses the facilities of another wireless service provider. The international roaming refers to the ability of subscriber to move to a foreign service provider's network.

3. To enable an in-bound roamer to hook on to the visited network and avail telephone service, a temporary internal number is assigned by such network. Any call made to/from a roaming mobile is routed through the visited network like any other call. The details of usage of service by such a subscriber are captured and billing account is transferred to the home network for receiving the payments. The home operator then bills these calls to his subscribers. Roaming fees are traditionally charged on a per-minute basis and they are typically determined by the service provider's pricing plan.

4. In terms of the provisions of the Finance Act, 1994, the telephone connection service means 'any service provided to a subscriber by the telegraph authority in relation to a telephone connection'; the subscriber means 'a person to whom any service of a telephone connection has been provided by the telegraph authority'. During international roaming the visiting network provides service to a person treating it as a subscriber on a temporary basis for the period in which service is availed by such person from visited network. Therefore, during this period, the Indian telecom service provider provides telephone service to International roamer. The only difference is that the payment is not directly received from the subscriber but is routed through the home network. However, this does not alter the essential characteristics of service, which is of a telephone connection. This service to in-bound roamers is delivered and consumed in India and therefore can not be treated as export of service.

5. Therefore, the domestic telecom operators providing international roaming service to in-bound roamers are liable to pay service tax on the amount received through the home network on account of service provided to such international roaming subscriber.

6. Trade and field formations may be advised accordingly.

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