

Soni to FM: grant infra status to cable and DTH

fe Bureau

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THE information and broadcasting (I&B) minister Ambika Soni on Thursday sought infrastructure status for the broadcasting, cable and DTH sectors in a meeting with the finance minister Pranab Mukherjee.

"If granted it would allow availability of finance at concessional rate of interest and expedite the digitalisation process," an industry expert said. The minister also sought more favourable norms for merger and acquisition activities by allowing expansion of section 72A of the income Tax Act to include cable, DTH, HITS sector in the definition of industrial undertakings. Apart from seeking a duty free regime for set-top boxes (STB) for a period of five years,

which is currently levied at 4% (special additional duty) and 8% (countervailing duty), the I&B ministry wants the finance ministry to exempt broadcasting entities from payment of service tax on ad-revenue.

The I&B minister also requested the finance minister for tax holiday under Section 80-IA of IT Act to digital cable service providers, DTH service operators, HITS operators and similar digital content distribution service providers undertaking digitalisation of their services. "They need to be eligible for deduction of 100% of the profits and gains derived by them in providing respective digital services for the first five years and thereafter 30% of such profits and gains for further five assessment years in a block of 15 years," said an I&B Budget proposal that the minister

submitted to the finance ministry.

"Among the broadcasting service providers, the DTH operators have already invested over Rs 15,000 crore and would require an investment of Rs 15,000-20,000 crore in the next 4 to 5 years for further expansion of the services. The DTH sector will provide direct job opportunities to 0.5 million people and indirect job opportunities to about 1.5 million people, argue industry players. Like telecom sector, due to its inherent nature of transparent system of accounting, DTH services will provide revenue of Rs 7,000 to 10,000 crore in the form of service tax and licence fee for a period of five years provided the industry is given similar incentives as provided to telecom sector.

Similarly the digitalization of cable also involves the investment outlay in the range of Rs 25,000

crore to Rs 40,000 crore, the cable operators said.

The I&B ministry also wants the finance ministry to consider subsidising service tax, entertainment tax and VAT under goods and services tax to be introduced in 2010 for DTH, FM operators, cable operators, and other content distribution services.

Reduction of fringe benefit tax to 5% from the present 20% for both print and electronic sector, waiver of service tax on road and rail haulage for imported newsprint and restart of concessional airmail scheme for newspapers are the other demands that the ministry has put forward.

For the film industry, tax holiday of 10 years for the animation, gaming and visual effects industry and exemption from FBT has been requested.