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## DTH cos for licence fee cut

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Direct-to-home (DTH) companies have urged the new I&B minister Ambika Soni to cut licence fee to 6%. Currently, each player pays the government 10% of the gross revenue earned as licence fee every year. The issue was earlier taken up by sector regulator Trai, which had sent out a similar recommendation to the I&B ministry but no decision was taken on the matter.

DTH companies are also lobbying hard for tax relief to improve profitability as the entire industry's combined losses could go up to Rs 4000 crore by 2009-10, as per a consultancy firm that tracks DTH companies.

Dish TV managing director Jawahar Goyal said: "The license fee issue has been pending for long and the new government should take a decision for the industry to benefit."

The levy of taxes imposed by various government departments also works out to be as high as 50% in some states. DTH service

providers pay service tax to the central government and entertainment tax which varies from state to state besides other taxes like VAT.

The DTH operators association has further urged the government to look into the issue of double taxation as it leads to a huge disincentive for the companies.

As per a DTH company who did not wish to be named, the total taxes work out to be nearly 50-60% in UP and Uttaranchal, as the entertainment tax is as high as 30%. "DTH will be a loss making venture in such states where the entertainment tax is so high," he said.

Last year the I&B ministry had formed a sub committee chaired by its additional secretary for rationalisation of entertainment tax. But the committee has not taken any decision so far. Bharti Airtel CEO Ajai Puri said if issues like the licence fee, taxation and content costs are corrected, it will provide DTH a level playing field. Mr Goyal added entertainment tax on the DTH industry should be removed once the Goods and Services Tax (GST) becomes applicable in the country.