

Last Submission of returns prescribed under tonnage tax regime

Tonnage Tax Circular 8 of 2005

No:1-
TTC(8)/2005 2005

Dated: Nov 28,

Subject : Last Submission of returns prescribed under tonnage tax regime

1. Ministry of Shipping, Road Transport and Highways had issued a notification vide So No. 1436 (E) dated 30.12.2004 regarding the guidelines for providing training by the shipping companies who opt for tonnage tax scheme under section XII-G of the Income Tax Act, 1961. The notification further stipulated that the Director General of Shipping will notify the further circular/instructions on other related aspects including various forms and describing the system for administering the minimum training requirements by tonnage tax companies separately.
2. Pursuant to this provision, the Director General of Shipping had issued detailed guidelines prescribing the system for administration of minimum training requirement including training fee, administrative cost and stipend vide [TTC circular no. 2 of 2005](#) dated 28.01.2005. This circular inter-alia provides the following :-

i. Basic Training Commitment (BTC)

The BTC should relate to all vessels expected to be entered in the tonnage tax regime (owned/chartered-in, slot/space chartered) at the date, the training commitment is to come into force. It represents the minimum level of training to be provided during the year by the tonnage tax opted company. The BTC, which will run from 1st April to 31st March, is to be submitted to Tonnage Tax Cell of the Directorate General of Shipping within 30 days on an annual basis i.e. by 30th April. Accordingly the due date for submission of BTC for the year 2005-06 by tonnage tax opted companies was by 30th April, 2005 (refer para 6 of TTC circular no. 2 dated 28.1.2005).

ii. Annual Adjustment (AA)

The Annual Adjustment (AA) is a retrospective update of the minimum training obligation made in the year. It accounts for actual training performance against the BTC, and for any additional training obligation arising as a result of a net increase/decrease in the number of qualifying ships operated during the preceding year by tonnage tax opted companies. Information as required under AA is required to be submitted to Tonnage Tax Cell of the Directorate General of Shipping within 30 days of the end of each year in prescribed form 2 within 30 days of the end of each year. Accordingly the due date for submission of Annual Adjustment for the year 2004-05 by tonnage tax opted companies was by 30th April, 2005 (refer para 7.1 of TTC circular no. 2 dated 28.1.2005).

iii. Annual Return

The tonnage tax company shall furnish an annual return to the Tonnage Tax Cell of the Director General of Shipping within 45 days of the end of the financial year, providing the details required in form 6. Accordingly the due date for submission of Annual Return for the year 2004-05 by tonnage tax opted companies was by 15th May, 2005 (refer para 7.1 of TTC circular no. 2 dated 28.1.2005).

3. Most of the tonnage tax opted companies have not submitted the BTC for the year 2005-06 and the annual adjustment as well as annual return for the year 2004-05 on or before due dates. Some

companies have submitted BTC for the year 2005-06 for approval as late as end of September, 2005.

This situation has been reviewed in DGS and it has been decided with immediate effect to levy late submission charges of Rs. 10,000 (Rupees ten thousand only) per week or part thereof for the delay in submission of BTC, Annual Adjustment and Annual Return prescribed in TTC circular no. 2 of 2005 dated 28.1.2005.

4. This issues with the approval of Director General of Shipping & Secretary to the Govt. of India.
5. Please acknowledge the receipt of the circular.

Sd/-

(Naresh Salecha)

Sr. Dy. Director General of Shipping