

System for administration of Minimum Training Requirement for Tonnage Tax Company in terms of Section 115VU of Income Tax Act, 1961 and guidelines issued vide Notification published in Gazette vide S.O. 1436(E) dated 30.12.2004 as amended in Gazette Notification S.O. 2132(E) dated 12.12.2007- Corrigendum to Tonnage Tax Cell Circular no. 2 of 2005 dated 28.1.2005

Tonnage Tax Cell Circular No.1 of 2009

No:1-

TTC(1)/2009

Dated:02.03.2009

Subject : System for administration of Minimum Training Requirement for Tonnage Tax Company in terms of Section 115VU of Income Tax Act, 1961 and guidelines issued vide Notification published in Gazette vide S.O. 1436(E) dated 30.12.2004 as amended in Gazette Notification S.O. 2132(E) dated 12.12.2007- Corrigendum to Tonnage Tax Cell Circular no. 2 of 2005 dated 28.1.2005

1. The Gazette Notification dated 30.12.2004 inter-alia stipulated that the Director General of Shipping will notify further circular / instructions on other relating aspects including various forms and described the system for administering the minimum training requirements by tonnage tax companies separately. Accordingly, [TTC Circular no. 2 of 2005](#) dated 28.1.2005 was issued by the tonnage tax cell of this Directorate

2. Para 14 of the said circular determines the training fees, administrative cost and stipend payable by the tonnage tax company / trainee officer.

3. On 12.12.2007 vide Gazette Notification no. S. O. 2132(E), the Central Govt has issued amended guidelines (copy attached) which inter-se covers the following issues which are effective from 1.4.2007 -

- i. Increase in minimum training requirement (MTR) from 1:10 to 1.5:10 of the Minimum Safe Manning document of the vessel.
- ii. Administrative cost will be payable by the tonnage tax company only.

4. Para 14 and 15 of the [TTC circular no. 2 of 2005](#) dated 28.1.2005 addresses the issue of administrative cost payable by the tonnage tax company and the trainee officer and the penalty for non-fulfillment of the MTR which were earlier related to the training fees. The revised gazette notification dated 12.12.2007 has abolished the training fees. Therefore the quantum of administrative cost and the penalty for non-fulfillment of minimum training requirement payable by a tonnage tax company which were fees related have to be re-fixed and notified by the Director General of Shipping. As per para 4 of the Gazette Notification S.O. 2132(E) dated 12.12.2007, the amount of administrative cost payable by a tonnage tax company to the Trust and stipend payable by the tonnage tax company to the trainee officer shall be prescribed by the Director General of Shipping from time to time. Similarly, para 12(ii) and 13 of the Gazette Notification dated

12.12.2007 empowers the Director General of Shipping to determine from time to time the penalty by way of an amount payable by a tonnage tax company in lieu of the obligation for training. Accordingly, effective from 1.4.2007, the following quantum of administrative cost, penalty and stipend payable by a tonnage tax company are hereby notified -

A. Administrative Cost -

ii.

- C. The administrative cost for the FY 2007-08 would be Rs. 750/- per month per trainee for training in ships whose GRT is more than 500 and Rs. 225/- per month per trainee for training in ships whose GRT is less than 500.
- D. From the FY 2008-09 onwards, the administrative cost payable by a tonnage tax company shall be Rs. 500/- per month per trainee, irrespective of the size of the vessel. The administrative cost payable by a tonnage tax company to the Trust shall be paid in advance for six (6) months.

B. Penalty payment in lieu of obligation for training (PILOT)

Following shall be the penalty payment in lieu of obligation for training for non-compliance of minimum training requirement payable by a tonnage tax company from the FY 2007-08 onwards -

	Vessel	Penalty amount (in Rs.)
a)	More than 500 GT	The penalty amount for non-fulfillment of MTR shall be Rs. 5000/- per shortfall manday. The penalty amount will be calculated on the entire shortfall in the MTR mandays at the above rate.
b)	Less than 500 GT	The penalty amount for non-fulfillment of MTR shall be Rs. 1500/- per shortfall manday. The penalty amount will be calculated on the entire shortfall in the MTR mandays at the above rate.
c)	Payment in lieu of Training (PILOT) for vessels less than 500 GT - where due to size of vessel or nature of operation, PILOT is approved for specific vessels on receipt of request for the same from the tonnage tax company.	The penalty amount for non-fulfillment of MTR will be Rs. 1000/- per shortfall manday. The penalty amount will be calculated on the entire shortfall in the MTR mandays at the above rate.

Note - No administrative cost will be charged on the penalty amount.

C. Stipend -

The earlier requirement of minimum stipend of Rs. 5000/- per month, with increments, as specified in the indenture payable to the trainees remains unchanged. The tonnage tax companies may however; augment the stipend at their own discretion and such modifications may be informed to the Directorate.

Increase in minimum training requirement from 1:10 to 1.5:10 of the Minimum Safe Manning document of the vessel -

- As the increased training requirement (1.5:10), effective from 1.4.2007 has been notified in the Gazette on 12.12.2007, it could not have been possible for the tonnage tax companies to adhere to the increased training requirement i.e. additional 0.5:10 with effect from 1.4.2007. Accordingly, the increased training commitment i.e. additional 0.5:10 for the FY 2007-08 will be treated as a separate block and a nominal penalty of @ Rs. 1 per manday would be levied for the shortfall in meeting the minimum training requirement to be fulfilled under this block
- As regards, the penalty for non-compliance of minimum training requirement of 1:10 for the FY 2007-08, the provisions of para 4

(ii) will apply.

- iii. Assessment of carry forward shortfall would be as per the minimum training requirement criteria of 1:10 for the FY 2007-08.
- iv. For the FY 2008-09 onwards, the penalty for non-fulfillment of the minimum training requirement will be governed as para 4(ii) of this circular.
- v. This issues with the approval of Director General of Shipping & ex-officio Additional Secretary to Govt. of India.

Sd/-

(Ashima Gupta)

Dy. Director General of Shipping

For Director General of Shipping