

TCR

[Paragraph 10 B.5(i)]

Certificate for payment of royalty under foreign technical collaboration

1. This certificate has reference to the foreign technical collaboration between M/s. _____ (hereinafter referred to as "Indian company") and M/s. _____ (hereinafter referred to as "overseas collaborator") for _____.
(specify purpose)

2. The above collaboration has been approved by the Reserve Bank of India/Government of India, Ministry of Industry, vide its letter No. _____ dated _____ and subsequent amendment(s) vide letter(s) No. (s) _____ dated _____ setting out that a royalty of _____ and _____ net of taxes/subject to taxes is payable to the overseas collaborator on domestic sales (rate) (rate) and actual export proceeds on fulfilment of the condition/s governing each such payment.

3. The above collaboration bears Registration No. _____ accorded by RBI, FITT Section, **Mumbai** /RBI _____ vide its letter number _____ dated _____.

4. A sum of _____ towards payment of technical know-how fees has already been remitted on _____ and balance amount of _____ remaining to be paid is due on _____ / no further payment remains to be made on this account.

5. The collaboration agreement is dated _____ and the commercial production based on the technology acquired under the above collaboration has commenced on _____. Consequently, the period of agreement is from _____ to _____ and the period for payment of royalty is determined as from _____ to _____ in accordance with the terms and conditions set out for the purpose by RBI/Government vide its letter dated _____.

6. The following payment(s) has (have) already been made under the above collaboration :

Sales during the period	Sales on which royalty remitted			Amount of royalty on			% of (7) to (4)
	Domestic sales	Export sales	Total	Domestic (i.e. Column-2)	Exports (i.e. Column-3)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Total A: _____ Total B: _____
% of (B) to (A) : _____
% of [(B)+ know-how] to (A) : _____
fee

7. A gross payment of _____ net of tax/subject to tax, has now become due to the overseas collaborator towards payment of royalty in respect of orders executed by the Indian Company during the period _____ to _____ under the above collaboration. The amount has been calculated strictly in accordance with the terms and conditions stipulated in this regard by the RBI/Government, vide its letter dated _____ cited above; details whereof are furnished in the Annexure.

8. We have perused the books of accounts, the collaboration agreement, Government's letter of approval, RBI's letter dated _____ and other relevant records and having fully satisfied ourselves certify as under :

- (i) the statements made above are true and correct to the best of our knowledge and belief;
- (ii) the Reserve Bank's/Government's letter of approval and subsequent amendment, if any, form part of the collaboration agreement dated _____;
- (iii) the amount of royalty has been calculated on products manufactured after the conclusion of the collaboration agreement and the quantum of said production is within the capacity approved by the Government of India;
- (iv) the Indian company has executed legal undertaking/furnished bank guarantee and has fulfilled the export obligation as instructed by DGFT and Ministry of Commerce;
- (v) M/s. _____ who are sub-contractors have actually manufactured the components detailed below according to and using the designs and drawings supplied by the overseas collaborator to the Indian company under the above collaboration;
- (vi) the proposed payment does not in any way involve payment of any interest on delayed payment and/or any other payment which is not specifically permitted under RBI/Government's letter of approval dated _____;
- (vi) the Indian company has paid income-tax at the rate specified by the Government and deposited with _____ on _____.
(name of bank and branch)

OR

- a 'No Objection Certificate' /tax clearance certificate issued by _____ vide No. _____ dated _____ is enclosed, in original;
- (viii) the Indian company has paid cess under R & D Cess Act, 1986, on the amount of royalty in question;
- (ix) the Indian company has submitted to Reserve Bank of India, _____, the Return in Form TCD for the year ended 31st December _____.

Place:
Date:

SEAL

Chartered Accountant

(Signature of the authorised signatory)
Name:.....
Address:
Registration No.

Notes : (i) Delete under authentication whatever is not applicable but no item/clause should be omitted from this format of the Certificate.

(ii) Additional information, if any, may be supplied on separate sheet under proper authentication.

ANNEXURE

	Domestic sales	Export sales	Total
I.	Actual production and sales		
II.	Net ex-factory sales price of products eligible for royalty out of the above (net-ex-factory value of sales is net of excise duty Rs. _____) packing forwarding Rs. _____) Sales Tax (Rs. _____) discount (Rs. _____) etc.		
III.	(a) Landed cost of imported components including ocean freight, insurance, customs duties, etc.		
	(b) Standard bought-out components used in the manufacture of the product;		
	Total (a) + (b)		
IV.	Net sales on which royalty is payable (II minus III)		
V.	Royalty @ _____% and _____% on above.		
VI.	Tax deductible at source @ _____%.		
VII.	Net remittable amount.		