

**Minutes of the Meeting of the Annual Fee and Exemption from Income Tax to Donors of National Gene Fund held on 31<sup>st</sup> December, 2014 in the Committee of PPV&FR Authority**

**The following officials were present:**

- |   |          |
|---|----------|
| 1. Dr. R.C. Agrawal, Registrar General, PPV&FRA - | Chairman |
| 2. Dr. Manoj Srivastava, Registrar-I, PPV&FRA-    | Member   |
| 3. Dr. Tejbir Singh, Registrar-II, PPV&FRA-       | Member   |
| 4. Dr. Ravi Prakash, Registrar-III, PPV&FRA-      | Member   |
| 5. Sh. D.S. Raj Ganesh, Legal Advisor, PPV&FRA-   | Member   |
| 6. Sh. T.D. Tiwari, Consultant, Finance, PPV&FRA- | Member   |

**Invited Participants:**

1. Dr. Kalyan Goswami, Director, NSAI
2. Dr. Chandra Prabha, NSAI
3. Sh.G.K.Gupta, Chartered Accountant, M/s. Raj Hargopal &Co.

At the outset the chairman gave welcome address and stated that at the first instance the issue of annual fee will be taken and later the issue of exemption from income tax for donors to National Gene Fund would be taken up.

**ISSUE OF ANNUAL FEE**

The Chairman stated that the meeting involves important issues as to whether annual fee should be computed on gross sale value or gross profit or net profit and the percentage on the basis of which annual fee has to be computed. Dr. Goswami, Director, NSAI stated that NSAI raised the issue for the reason that Section 35 of PPV&FR Act, 2001 provides that the annual fee should be computed on the basis of benefit or royalty gained by the registered breeder and the gazette notification relating

to annual fee calculates the same based on gross sale value and in any case gross sale value cannot be termed as benefit gained by the registered breeder. The chairman further stated that the decision taken in the meeting would be sent to the nodal ministry namely, Department of Agriculture & Co-operation through a self-contained proposal for amendment of the Gazette Notification relating to annual fee and thereafter the same will be notified in the Official Gazette which will have only prospective effect. Sh. Raj Ganesh, Legal Advisor-I, reiterated the same and suggested that the amendment in the annual fee notified in the official gazette and amendment in the annual fee return form notified in Plant Variety journal of India are interlinked and for the former the approval of nodal ministry is required and for the latter the approval of the Authority would suffice. He also suggested that the annual fee return form should include production and sale of seeds of registered variety to comply Rule 22 of PPV&FR Rules, 2003. Dr. Ravi Prakash, Registrar, PPV&FRA stated that the term 'benefit' occurring in section 35 of PPV&FR Act, 2001 would include both monetary and non-monetary but for the purpose of calculation of annual fee only pecuniary gains must be taken into account. Both Sh. Gupta, Chartered Accountant and Sh. Tiwari, Consultant (Audit), PPV&FRA suggested that it would be better to keep gross profit as the basis for calculation of annual fee and it would be a win-win situation for all. The Chairman and others agreed to the same. Dr. Manoj Srivastava, Registrar, PPV&FRA suggested that the fixation of annual fee should not cause hardship to SAUs and ICAR and they should also be consulted as a stakeholder. Dr. R.C. Agrawal, Registrar-General, PPV&FRA, the Chairman clarified that by fixing the gross profit as the basis for calculation of annual fee no one would be prejudiced rather everyone would be benefitted. The members also made the following suggestions namely:-

- a) Gross profit should be the base for calculation of annual fee and existing notification must be amended to omit gross sale value and include gross profit

- b) The percentage of annual fee should be fixed at 0.5% for registered new varieties and 0.25% for registered extant varieties about which there is common knowledge.
- c) As decided earlier and proposed by the Authority to the Nodal Ministry, the annual fee for farmers' variety should be a nominal token amount.
- d) The annual fee return form would include both production and sale figures and it will be certified by chartered accountant. The return form shall be revised by LA-1 in consultation with other Registrars and Mr. Gupta (Chartered Accountant).
- e) The annual fee return form would include the fixed amount of Rs.2000/- also.

**ISSUE OF EXEMPTION FROM INCOME TAX FOR DONORS TO NATIONAL GENE FUND**

The chairman stated that the PPV&FR Authority in its 21<sup>st</sup> Meeting has decided that efforts must be taken to enrich the National Gene Fund by contributions from various sources and efforts should be taken to obtain tax exemption for donations to National Gene Fund. He also stated that the base paper circulated by the LA-I provided for four options and for total exemption for donors to national gene fund amendment has to be made in Section 80G of Income Tax Act. The members unanimously agreed to go in for complete and total exemption by way of amendment in Section 80G of Income Tax Act. As far as contributions to National Gene Fund through CSR is concerned, it was decided that NSAI shall be approached for inclusion in CSR the contribution to national Gene Fund. The Chairman concluded the meeting by suggesting that after the minutes are approved by the competent authority, the proposal for amendment in Section 80G will be prepared by Legal cell along with justification and the same will be vetted by chartered accountant also.

\*\*\*\*\*