

SACHIN TENDULKAR

ACTOR SACHIN GETS TAX BREAK

The master blaster paid less income tax after he claimed that he's an actor, not a cricketer

By Kiran Tare

Sachin Tendulkar, super God of cricket, has formally declared that he is an actor and not a cricketer. The excuse: he models for TV advertisements. In order to save tax of around Rs 2 crore on income derived from doing TV commercials, Tendulkar told the Income Tax tribunal that acting, not cricket, is his profession. The tribunal accepted that "he has to use his own skills, imagination and creativity in the commercials".

Tendulkar was levied an income tax of Rs 2,08,59,707 on the income of Rs 5,92,31,211 that he earned from ESPN Star Sports, PepsiCo and Visa in foreign currency during 2001-02 and 2004-05. He had challenged the order of the Commissioner of Income Tax-Appeal (CIT-A), to pay up. In an order on May 20, the tribunal ruled that Tendulkar could claim deduction in tax on his income from modelling as he is an artist.

Tendulkar had claimed deduction of tax under Section 80RR of the Income Tax Act. The section states that a person can claim tax deduction if he is a playwright, artist, musician, actor or sportsman and the income for which deduction is claimed is derived by him in the exercise of his profession.

When the assessing officer asked Tendulkar to explain the nature of his profession, the master blaster submitted that "he is a popular model who acts in various commercials for endors-

ing products of various companies". He further stated that the income derived by him from "acting" had been reflected as income from "business and profession" whereas income from playing cricket was reflected as "income from other sources" since he is a non-professional crick-

eter. Tendulkar explained that the claimed deduction in tax was from the exercise of his profession as an 'actor'.

The assessing officer rejected Tendulkar's claim and looked up the dictionary for the meaning of the term 'professional'. "It could be correct to say that playing cricket is the source of his livelihood and is therefore his profession," the officer observed, adding that "if Sachin is not a cricketer, then who is a cricketer?" He noted that Tendulkar had received remuneration for providing a wide variety of services to these companies. The various activities mentioned in the agreement with these companies had nothing to do with his claim of being an actor. Therefore, the officer said, his claim was not justified. Tendulkar has an agreement with these companies for the use of the name, photo, original voice, clothing, footwear, playing product spokesman,

personal and media appearances.

"It is true that while appearing in ad films Tendulkar would have to dress in a certain way and would have to follow the script suggested by the director. However, that does not make him an actor. In all the advertisements in which he appears, what is highlighted is his personality as a cricketer. It is important to note that the company that wants Tendulkar to endorse its brand uses him because he is Sachin Tendulkar, the cricketing legend," the officer noted.

After his claim was rejected, Tendulkar submitted that he should be considered an "artist" for the purpose of Section 80RR. He submitted that the meaning of "artist" be read along with the several clauses of the endorsement agreements. However, the CIT-A did not buy this argument. He ruled: "Tendulkar is primarily in-

involved in playing cricket and irrespective of whether he is a professional or not, it cannot be disputed that his profession is playing cricket. Tendulkar is not being paid for his activities as an actor or his performance as an artist. The nature and quality of his acting or performance as an artist would never have resulted in the contracts and payments made out to him."

Tendulkar appealed against this ruling to the tribunal. An earlier ruling by the tribunal allowing tax deduction to actor Amitabh Bachchan helped his case. In 2004, the tribunal had ruled that the income derived by Bachchan as a host of TV show *Kaun Banega Crorepati* (कब) was liable for deduction of tax under Section 80RR because he used his skills as an artist in the show.

Asha Vijayaraghavan, judicial member of the tribunal, and R.K. Panda, accountant member, ruled: "While appearing in advertisements and commercials Tendulkar has to face the lights and camera. As a model he brings to his work a degree of imagination, creativity and skill to arrange elements in a manner that would affect human senses and emotions and to have an aesthetic value. No doubt, being a successful cricketer has added to his brand value as a model. But the fact remains that he has to use his own skills, imagination and creativity. Every sportsman does not possess that degree of talent or skill or creativity to face the lights and camera. The income received by him from modeling and appearing in TV commercials and similar activities can be termed as income derived from the profession of an artist."

Tendulkar had also claimed deduction of Rs 57,969 towards staff welfare expenses that included expenses incurred on tea and snacks provided to his staff, Rs 50,000 each on account of entertainment expenses and telephone expenses and Rs 1,42,824 on account of car expenses. However, the tribunal dismissed these claims saying that the use of telephone, car and food was for him and his family.

This is one act where the man who holds almost all the batting records in cricket has outdone himself. ■

DIPLOMACY

Russia Snubs India

Moscow cancels both military exercises scheduled for this year

By Sandeep Unnithan

Russia has cancelled both its 'Indra' series of military exercises with India. Last month, a flotilla of five warships from the Indian navy's eastern fleet that went for joint naval exercises to Vladivostok in the Russian far-east, was turned back without any manoeuvres. The warships—which included the missile destroyers *INS Delhi*, *INS Ranvir* and *INS Ranvijay*—were warmly received by the Russian navy, but when asked about the exercises, they were told the Russians had no ships to spare. On a request from the Indian fleet, a face-saving 'table top exercise' or a land-based simulation, was carried out.

What rubbed salt in their wounds was that Russian warships sailed out for an exercise of their own, apparently belying their earlier claims. The cancelled exercise was hushed up even as the warships returned to Visakhapatnam. A befuddled Ministry of Defence (MOD) was groping for answers when they were snubbed again. Last week, Russia informed the MOD that it had cancelled the upcoming joint army exercises scheduled to be held in Russia in June. One of the reasons given was that the MOD had not informed Moscow of the army exercises in advance. Petr Topychkanov of the



Sachin Tendulkar was levied an income tax of **Rs 2,08,59,707** on an income of **Rs 5,92,31,211** he earned from **ESPN Star Sports, Pepsico and Visa** in foreign currency during **2001-02 and 2004-05**

TENDULKAR

GETTY IMAGES

Carnegie Moscow Centre says the cancellation of the exercises does not reflect any change in relations with India. "One of the reasons could be the hard process of military reform in Russia. The Russian armed forces are unready for an international exercise at this stage," he says.

Since 2003, India and Russia have conducted five of the Indra series military exercises between the armies and navies of both sides. The last such

\$10 billion contract for 126 multi-role medium combat aircraft. The IAF narrowed its choice to France's Rafale and Europe's Typhoon, ejecting US and Russian contenders. Topychkanov does not rule out cancellation of the military exercises as a retort by the miffed Russians.

Air Chief Marshal P.V. Naik visited Moscow recently to inspect progress on the joint Indo-Russian Fifth Generation Fighter Aircraft (FGFA). The

visit was also meant to mollify Russia and indicate India's commitment to the futuristic fighter which is expected to replace the most current fighter aircraft in the IAF's inventory when it is ready for squadron service in 2017.

Relations between India and Russia soured in recent years over the extended deadline for the refit of the aircraft carrier, *Admiral Gorshkov*. The refit slipped by four years and the its cost doubled to \$2.3 billion. The carrier will now be delivered late next year. Deadlines for the acquisition of an Akula-II class nuclear-powered submarine have slipped by over three years. India paid \$670 million for completing the submarine under a 2003 contract. This month, a 100-man Indian crew that had gone to Vladivostok to bring the vessel back returned empty-handed. There is no word on when the strategic submarine, which the navy desperately needs, will be transferred to India. Russia is reportedly keen that India pay for the completion of a second unfinished Akula hull at the Komsomolsk shipyard. This has been turned down by the navy.

The real issue is the poor sourcing of components for Russian-made equipment operated by the Indian armed forces. Over half the inventory of the three armed forces comprise equipment of Russian origin. "It takes nearly a year for us to get even export permissions from Russia. This severely impacts force preparedness," says a defence official.

Some of India's consternation over these delays may have spilled over at a meeting between navy chief Admiral Nirmal Verma and the visiting Russian navy chief, Admiral Sergeevich Vysotskiy, this January. Various department heads of the Indian navy read out the riot act on the poor serviceability of warships, aircraft and submarines to the Russian naval delegation. After the meeting, Vysotskiy privately conveyed his dismay at the ambush. The warning signs appeared at a recent joint meeting in Moscow when Russian defence officials refused to discuss military exercises. Evidently, it was a portent of the chill to come. ■



(ABOVE AND RIGHT) INDIAN AND RUSSIAN SOLDIERS DURING THE INDRA JOINT EXERCISE IN UTTARAKHAND IN 2010

exercise was held between Russian and Indian army units in Uttarakhand in October last year. In sharp contrast, India has conducted over 60 military exercises with the US. Indian defence officials admit that exercises with Russia are largely symbolic but are an important barometer of healthy ties between the two sides. The strategic partnership with Russia still holds.

Defence Minister A.K. Antony says that Delhi's proximity to Washington will not be at the cost of ties with Moscow. On the ground, however, ties have been on a roller-coaster ride. Russia is unhappy at losing a lucrative

