

## **SITE RESTORATION FUND SCHEME, 1999**

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## **SITE RESTORATION FUND SCHEME, 1999**

Ministry of Petroleum and Natural Gas, Noti. No. S.O. 118(E), dated February 16, 1999, published in the Gazette of India, Extra., Part II, Section 3(ii), dated 19th February, 1999, pp. 9-12, No. 92 [No. O-19018/10/97/ONG. VI (Vol. II)] [R] In exercise of the powers conferred by sub-section (1) of Section 33-ABA of the Income Tax Act, 1961 (43 of 1961), the Central Government hereby notifies the following approved Scheme, namely :-

### **1. Short title and application :-**

- (1) This scheme may be called the Site Restoration Fund Scheme, 1999.
- (2) It shall come into force from the first day of April, 1999.
- (3) It applies to all assessee engaged in the business consisting of prospecting for, or extraction or production of, petroleum or natural gas or both in India and in relation to which the Central Government has entered into an agreement (hereinafter referred to as the "agreement") with such assessee for such business.

### **2. Definition :-**

- (1) In this Scheme, unless the context otherwise requires-
  - (a) "Act means the Income Tax Act, 1961 ;

- (b) "account" means a deposit account under this Scheme:
- (c) "deposit office" means a designated branch of the State Bank of India where the account is maintained:
- (d) "depositor" means an assessee mentioned in sub-paragraph (3) of Paragraph 1 of this Scheme:
- (e) "State Bank of India" means the State Bank of India constituted under subsection (1) of S.3 the State Bank of India Act, 1955;
- (f) the expression "previous year" shall have the meaning assigned to it in the Income Tax Act, 1961 (43 of 1961), "financial year" means year ended 31st March and all other words and expressions used herein shall have the meanings assigned to them in the agreement to which assessee is a party.
- (2) All references to "forms" in this Scheme shall be construed as references to the forms set out in the appendices to this Scheme.

### **3. Deposit : how to be made :-**

- (1) A deposit in terms of Section 33-ABA of the Income Tax Act, 1961, may be made by any depositor in accordance with the provisions of this Scheme.
- (2) The deposit may be made in one lump sum or in instalments (not exceeding four instalments in each financial year).
- (3) Such deposit has to be made in Indian Rupees, and out of profits derived from the business referred to in sub-paragraph (3) of Paragraph I above.
- (4) Such account shall be maintained in Indian Rupees.

### **4. Manner of deposit :-**

- (1) Every depositor making a deposit for the first time shall apply to the deposit office for the opening of an account in Form 'A' together with the amount of deposit payable. Every deposit shall be made into the deposit office at which the account stands by a crossed cheque or demand draft drawn in favour of such office or by bank transfer in favour of such office.
- (2) On receipt of an application under sub-paragraph (1), the deposit office shall open an account in the name of the depositor.

(3) Every deposit shall be evidenced by an acknowledgement issued in the same Form by the deposit office. The relative deposit certificate(s) shall be issued in Form 'B' and shall remain in the safe custody of the deposit office.

(4) The deposit office shall issue to the depositor a statement of account in Form 'D' at the end of each financial year.

**5. Issue of duplicate statement :-**

In the event of loss or destruction of the acknowledgement or statement of account referred to in sub-paragraph (4) or sub-paragraph (5) of Paragraph 4, the deposit office may, on an application made to it in this behalf, issue a duplicate thereof.

**6. Interest :-**

(1) Subject to sub-paragraph (2), the deposit shall carry interest at the highest rate for the applicable period as paid by the State Bank of India on the date the deposit is made for rupee term deposits prevailing at the end of the financial year.

(2) Where during any financial year, any part of the deposit is withdrawn, the interest payable on the deposits shall be calculated on the basis of the minimum monthly balance in the account during each of the months in the financial year.

(3) The interest payable for any financial year, or part thereof, shall only be credited to the account and shall not be payable to the depositor except as part of withdrawal for utilisation in terms of Paragraph 9 or part of payment of balance on closure of account in terms of Paragraph 12.

(4) The gross interest credited to the account in a financial year shall be evidenced by a certificate issued in Form 'C', by the deposit office and the amount of such gross interest shall be deemed to be a deposit made by the depositor under this Scheme in that financial year.

**7. Charge, assignment :-**

(1) The amounts standing to the credit of any account shall not be pledged or offered as security for any loan or guarantee and shall not be charged or alienated in any manner whatsoever except as provided in sub-paragraph (2).

(2) If a depositor transfers or assigns a part or all of his

participating interest in the agreement in accordance with the terms thereof, the depositor may correspondingly transfer or assign a part or all of the amounts standing to the credit of his account to the transferee/assignee. In such an event, the deposit office shall not transfer part or all of the amount (sic without) the prior authorisation from the Ministry of Petroleum and Natural Gas.

**8. Withdrawal and utilisation of the amounts deposited :-**

A depositor shall be entitled to withdraw from the amount standing to the credit of the account only such amount as is necessary to meet any expenditure to be incurred by him on the expiry or termination of the agreement or relinquishment of part of the contract area, towards removal of all equipments and installations, in a manner agreed with the Central Government pursuant to an abandonment plan or towards all necessary site restoration in accordance with good international petroleum industry practice and towards meeting all other expenses necessary to prevent hazards to life or property or environment consequent on such expiry, termination or relinquishment.

**9. Procedure for withdrawal :-**

(1) The depositor shall be entitled to withdraw the whole or any part of the amount standing to the credit of the account by making an application in Form 'E', duly authorised by the Ministry of Petroleum and Natural Gas or any agency authorised by the Ministry of Petroleum and Natural Gas in this behalf.

(2) On receipt of the request for withdrawal, the deposit office shall, as soon as may be, pay the amount to the depositor through a credit to the designated account.

**10. Information regarding deposits and withdrawals :-**

(1) Where a deposit is made by a depositor, the acknowledgement(s) issued in Form 'A' [referred to in sub-paragraph (4) of Paragraph 4] and the certificate issued in Form 'C' [referred to in sub-paragraph (4) of Paragraph 7] evidencing the amount of interest credited to the account, shall be forwarded by the depositor to the income tax authority along with the return of income relating to the previous year in which the deposit is made or the interest is credited.

(2) Where a withdrawal has been made by the depositor during the previous year, a certificate by a Chartered Accountant, not being a

Chartered Accountant who is an employee of the depositor, showing-

- (a) the amounts withdrawn during the previous year, and
- (b) the purpose for which the withdrawal was used during the previous year shall be submitted to the income tax authority within the due date specified in Section 139 of the Income Tax Act, 1961, for filing of the return, for the previous year in which the withdrawal was made and a copy of such certificate shall also be filed with the Ministry of Petroleum and Natural Gas or any agency authorised by the Ministry of Petroleum and Natural Gas in this behalf, within such due date.

**11. Closure of the account :-**

(1) Closure of the account shall be permitted only after receipt of a certificate from the Ministry of Petroleum and Natural Gas or any agency authorised by the Ministry of Petroleum and Natural Gas in this behalf, to the effect that all necessary site restoration has been completed to its satisfaction and such certificate shall specify the amount payable to the Central Government by way of profit or production share as provided in the agreement referred to in Section 42 of Income Tax Act, 1961.

(2) Application for closure of the account shall be made by the depositor in Form 'F' along with the certificate mentioned in sub-paragraph (1) and a certificate from the assessing officer having jurisdiction over the depositor under the Income Tax Act, 1961 in Form 'G' quantifying the amount of income tax, if any, payable by the depositor on withdrawal consequent upon closure of the account.

(3) On the closure of an account in terms of sub-paragraph (1), the balance lying to the credit of the depositor shall be disbursed as follows-

(a) first, a portion of the balance calculated as follows shall be paid to the Ministry of Petroleum and Natural Gas:- balance x % at which the Central Government was entitled to share the total profit petroleum in the last year of production before the closure of account in accordance with the agreement,

(b) second, out of the balance, after disbursement mentioned in clause (a) of this sub-paragraph, income tax, as quantified by the

assessing officer, shall be deposited,

(c) thirdly, the residue left after disbursements mentioned in clauses (a) and (b) of this sub-paragraph, shall be paid to the depositor by credit to designated account.

(4) On receipt of the application mentioned in sub-paragraph (2) of this paragraph, the deposit office shall disburse the amount of balance (including interest accrued on the last day of the month preceding the month in which the said application has been made) lying to the credit of the depositor in accordance with sub-paragraph (3) above.