Tax alert: Telecommunications Rules, 2026

29 June 2026

The Department of Telecommunications ("DoT") has notified the Telecommunications (Authorisation for Provision of Principal Telecommunication Services) Rules 2026 ("**Principal Rules**"), Telecommunications (Authorisation for Provision of Miscellaneous Telecommunication Services) Rules, 2026 ("**Miscellaneous Rules**") and Telecommunications (Authorisation for Captive Telecommunication Services) Rules, 2026 ("**Captive Rules**") on 24 June, 2026 and Telecommunications (Terms and Conditions for Migration) Rules, 2026 (**"Migration Rules")** on 23 June, 2026**.** The Principal Rules, Miscellaneous Rules and Captive Rules are collectively referred to as herein as the "**Rules**".

The Rules operationalize Sections 3(1) and 3(6) of the Telecommunications Act, 2023 ("**Act**") by establishing a comprehensive authorisation framework for the provision of telecommunication services and a migration mechanism for existing licenses. The framework classifies telecommunication services based on the nature, scope and intended use of the service.

In a nutshell:

Movement from license-based framework to authorisation-based regime wherein telecommunication services have been reorganized into **three categories - Principal** Telecommunication Services, **Captive** Telecommunication Services, and **Miscellaneous** Telecommunication Services

For Principal telecom services, new authorised entity to pay **annual authorisation fee** @ **8%** of its Adjusted Gross Revenue for first year.
For subsequent years (including renewal/migration) – annual authorization fee to be higher of 8% of the AGR, or 30% of the applicable entry fee

New authorised entity to ensure that all data, logs and information associated with their telecommunication networks are stored within India

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- **Telecommunications (Authorisation for Provision of Principal Telecommunication Services) Rules, 2026**

Introduction: The Principal Rules have been notified to govern entities setting up telecom infrastructure for **public telecom services** that form the core telecom sector. The Principal Rules permit eligible persons meeting the prescribed legal, financial and ownership conditions, to obtain authorisation as a Network Service Operator (NSO), a Virtual Network Operator (VNO), or both, subject to the restrictions for providing network-based telecommunication services such as Unified Service, Access Service, Wireline Access Service, Internet Services and Long Distance Service.

Some Changes

- Wireline Access Service ("WAS"): Principal Rules recognize WAS as a separate principal telecommunication service and limit standalone authorisations for such service to VNOs. Under the erstwhile Unified Licence (UL) regime, there was no separate licence for the provision of WAS. WAS was generally provided by network operators under the access service authorisation of the UL.
- Limitations on cross holdings (Holding Beneficial Interest): Unlike the UL, which primarily regulated substantial equity holdings between access service licensees, the Principal Rules prohibit "beneficial interests" between new authorised entities or \\licensees, impose corresponding obligations on material shareholders, and introduce express exceptions for VNO-parent NSO relationships and certain satellite service providers. The Rules expressly prohibit new authorized entities and their material shareholders from holding beneficial interests in mobile number portability service providers.
- Fees & Charges:
  - Under the Unified Licence ("UL") regime, the licence fee was payable at 8% of the Adjusted Gross Revenue ("AGR"), which was computed based on the licensee's actual revenues (subject to prescribed inclusions and exclusions). In addition, Spectrum Usage Charges ("SUC") were levied separately in accordance with the applicable spectrum assignment policy. The Principal Rules introduced the concept of a **minimum annual authorisation fee**. During the first year, the authorisation fee is 8% of AGR. From the second year onwards, and upon renewal or migration, the annual authorisation fee is the higher of 8% of AGR or 30% of the applicable entry fee.
  - The Principal Rules have introduced the concepts of **Presumptive Adjusted Gross Revenue ("PAGR")** and Spectrum **Charges Linked to Adjusted Gross Revenue ("SCAGR").** PAGR is deemed to be 5% of the cumulative amount payable by the new authorised entity for the right to use access spectrum. SCAGR refers to the charges or fees payable in respect of spectrum assignment, calculated as a percentage of AGR at the rate specified under the applicable law.
  - For new authorised entities holding access spectrum, the Principal Rules prescribe a **separate authorisation fee mechanism**. In the first year, the authorisation fee is the higher of 8% of AGR or PAGR. From the second year onwards (including renewal or migration), the fee is the higher of 8% of PAGR or the amount payable above (i.e., the higher of 8% of AGR or 30% of the applicable entry fee). **Accordingly, entities holding access spectrum will be required to pay the authorisation fee based on a deemed revenue floor, even where their actual AGR is lower.**
- **Remote access to telecommunication network:** While providing remote access to its telecommunication network from a location outside India, the new authorised entity is required to deploy technical systems enabling the Government to monitor a mirror image of information available at the approved overseas location, and mandating the maintenance of a complete audit trail of remote access activities for a minimum period of six months.
- **Point of Sale:** The new authorised entity is required to develop a mechanism for generation and sharing of unique point of sale identities, including any such existing identity, in real time, in a collaboration with other new authorised entities and licensees. Further, every new authorised entity shall maintain the details

of the point of sale and update the contact details or any other information of such point of sale, within seven days from any change in such details; and share the database containing details with the government, the authorised agency on a real time basis.

- **Provision of principal telecommunication services through satellite network:** The Principal Rules consolidate the regulatory framework governing the provision of principal telecommunication services through satellite networks. It provides for new compliance obligations, including mandatory reporting of unauthorised satellite signals and unauthorised access to satellites, contractual obligations for leased satellite capacity, and an express requirement to obtain prior approval for specified changes to satellite networks or frequency bands.

- **Telecommunications (Authorization for Captive Telecommunication Services) Rules, 2026**

  Introduction: The Captive Rules identify four explicit service categories for captive telecommunication services including Captive Mobile Radio Trunking (CMRT), Captive Non-Public Network (CNPN), Captive Very Small Aperture Terminal Service (CVSAT) and Captive General Services (CGS).

  Some Changes:

  - **Explicit Eligibility Criteria for captive services:** The Captive Rules specifically provide that only a company is eligible to obtain an authorisation for captive telecommunication services. Further, an authorisation for CGS is limited to specified governmental entities and government companies that are not private limited companies, although the Central Government may relax this requirement in the public interest.
  - **Fees & Charges: The Captive Rules adopt a differentiated fee structure for telecommunication services.**
    - For CMRT, the authorisation fee for first to third year will be INR 300 per user terminal subject to minimum of INR 5000. From the fourth year onwards, and upon renewal and migration, the annual authorisation fee is the higher of INR 300 per user terminal or INR 25000.
    - There will be no authorisation fee for CNPN services and CGS.
    - For CVSAT, new authorised entity shall pay an annual authorisation fee of INR 10000 per very small aperture terminal.
  - **Non-Interconnection Regime:** While the earlier VSAT CUG Guidelines, 2022 primarily restricted interconnection of captive networks with the PSTN, the Captive Rules significantly tighten the framework by expressly prohibiting the interconnection of the captive telecommunication network of one new authorised entity with that of another new authorised entity.
  - **Geographical limitations:** The Captive Rules expressly provide that CNPN deployments must be confined to clearly identified premises owned, leased or otherwise occupied by the authorised entity and mapped through prescribed geo-coordinates.

- **Telecommunications (Authorisation for Provision of Miscellaneous Telecommunication Services) Rules, 2026**

  Introduction: The Miscellaneous Rules broadly cover six core service categories including enterprise communication services, Machine-to-Machine (M2M) communication services, In-flight and Maritime Connectivity Services (IFMC), Public Mobile Radio Trunking Service (PMRTS), Prime Minister Wi-Fi Access Network Interface (PM-WANI) services and aeronautical data communication services

  Some Changes:

  - **Broader eligibility for M2M services:** The Miscellaneous Rules introduce a significant relaxation for M2M communication services by permitting a broad range of entities—including LLPs, sole proprietorships, partnership firms, trusts, societies and Government entities—to obtain such authorisation, thereby considerably expanding the pool of eligible applicants beyond companies.

- **Fees & Charges:** The Miscellaneous Rules adopt a differentiated fee structure for telecommunication services, with concessional or nil authorisation fees for certain emerging and public-interest services, such as M2M, PM-WANI, IFMC and aeronautical data communication services.
  - For PMRTS, the authorisation fee for first year will be 8% of AGR. From the second year onwards, and upon renewal or migration, the annual authorisation fee is the higher of 8% of AGR or 30% of the applicable entry fee.
  - For enterprise communication services, the authorisation fee for first year will be 8% of AGR. From the second year onwards, and upon renewal or migration, the annual authorisation fee is the higher of 8% of AGR or 1 lakh rupees.
  - There will be no authorisation fee for M2M communication services and (PM-WANI) services.
  - For IFMC and aeronautical data communication services, new authorised entity shall pay an annual authorisation fee of INR 1. However, this authorisation fee is required to be paid upfront in advance for the entire duration of the authorisation at the time of grant of authorisation.

Some common obligations in the three Rules

- Data Localisation: The Rules introduced the data localisation obligation that requires all data, logs and information associated with the telecommunication network to be stored within India and prohibits copies of such data from being routed, shared or made available outside India.
- Mandatory adherence to Survey of India Maps: The Rules introduce an express requirement for new authorised entities to adhere to maps provided by the Survey of India for precise delineation of service areas along international borders.
- Mandatory privacy compliance confirmation: The new authorised entity is required to provide a confirmation in writing to the Central Government that it has implemented measures to comply with applicable data privacy laws, including ensuring compliance by its employees and consultants.
- Designated Authority for Trusted Products: The Rules recognise the National Cyber Security Coordinator as the Designated Authority for the trusted source and trusted products. Further, the Rules introduce additional compliance obligations requiring every new authorised entity to register on the portal specified by the Designated Authority, provide prescribed details relating to its telecommunication network and telecommunication equipment, and submit compliance reports within the timelines specified by the Designated Authority.

- **Telecommunications (Terms and Conditions for Migration) Rules, 2026**

Introduction: The Migration Rules establish the framework for transitioning existing telecom licence holders from the erstwhile licensing regime to the new authorisation-based regime introduced under the Act. However, migration does not result in a novation or extinguishment of existing rights and liabilities. All outstanding dues, regulatory and compliance obligations, spectrum-related liabilities, as well as ongoing investigations, audits and enforcement proceedings, continue to apply notwithstanding such migration

Key Highlights

- **Eligibility conditions:** The existing telecom licensees are required to migrate to the corresponding authorisation under the new framework, subject to eligibility.
- **Migration conditions:**
  - The scope, service area/network area of the authorisation sought through migration must fully cover the scope, service area and network area of the existing licence.
  - Where the applicant already holds an authorisation that overlaps with the authorisation being sought through migration, such overlapping authorisation must be surrendered in accordance

with the Migration Rules.

- If the licence proposed to be migrated has a fixed validity period, the migration application must be submitted at least 12 months before the licence expires. However, if the remaining validity of the licence is less than 12 months as on the date of notification of Migration Rules, the application must be filed within 90 days of the notification or before the licence expiry date, whichever is earlier.
- If the licence proposed to be migrated does not have a specified validity period, the migration application must be submitted at least 12 months before the expiry of the five-year transition period
- As a condition for migration, the applicant must furnish an unconditional and irrevocable undertaking to pay any government dues that may subsequently be determined to be payable in respect of the period prior to the approval of migration.

Deloitte Comments

The Rules mark a significant shift from India's erstwhile licence-based telecom regulatory framework to a comprehensive authorisation-based regime. While many substantive obligations under the UL and other legacy licensing frameworks have been retained and codified, the new regime introduces a more granular, technology-neutral and compliance-driven framework that seeks to address emerging technologies, evolving cybersecurity risks and the increasing convergence of telecommunications and digital services.

A key feature of the new regime is the rationalization of telecommunication services into principal, miscellaneous and captive categories, each subject to distinct eligibility requirements, fee structures and regulatory obligations. The framework also formally accommodates emerging business models and technologies, including private networks, CNPNs, M2M services, PM-WANI services, satellite-based communications and enterprise connectivity solutions.

Data Privacy has been introduced in the authorisation conditions mandating data localization and a privacy compliance certificate, thereby strengthening the privacy compliance