

Nokia sued in India for unpaid taxes

NEW DELHI, INDIA: Struggling Finnish phone company Nokia said last week the Indian tax officials had demanded the company pay taxes worth US\$363m, but a court order has prevented the payment.



Nokia, which vowed to contest the tax order "vigorously", is the latest multinational to be embroiled in a tax row with Indian authorities, who are chasing alleged tax delinquents to reduce a ballooning budget deficit.

Nokia declined to state the sum being sought but tax officials said it totalled 20bn rupees (US\$363 million) spanning five financial years from 2007, according to the *Press Trust of India* news agency.

Nokia "is in full compliance with local laws as well as the bilaterally negotiated tax treaty between the governments of India and Finland and will defend itself vigorously", the company said in a statement.

It said it "remains willing to co-operate fully with Indian tax authorities" and looked forward to resolving the dispute.

Nokia said the Delhi High Court last week granted its request for a stay on the tax claim "until further orders".

The alleged tax evasion involves software royalty payments to Nokia's parent, on which 10% tax should have been deducted and paid to Indian authorities, the *Press Trust of India* said.

Taxmen last month raided one of Nokia's manufacturing plants in the southern city of Chennai as part of its investigation.

Nokia, which began operations in India in the mid-1990s, had protested over the raid, slamming the action as "excessive" and "inconsistent with Indian standards of fair play".

India - one of the world's fastest-growing mobile phone markets - is Nokia's second-largest market, with the Chennai factory producing over 20 different models.

British mobile firm Vodafone is fighting a multi-billion-dollar tax bill from Indian tax authorities over its 2007 purchase of a stake in a local telecommunications company. Royal Dutch Shell and Cadbury are among other companies also involved in

tax disputes.

India's finance minister P. Chidambaram has vowed to clamp down on tax evasion to help to lower the widening deficit.

But in the face of alarm among international investors about what they see as arbitrary tax demands, he has said he wants "clarity on tax laws" and for taxes to be collected in a "non-adversarial" way.

Source: *AFP* via I-Net Bridge.

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