

I-T dept alleges tax evasion by Vodafone

The Income Tax Department has told the Supreme Court that telecom major Vodafone suppressed real transactions in transfer of its assets to evade taxes over Rs 4,000 crore.

The allegation was reiterated in additional documents filed in an appeal against the Gujarat High Court's verdict that ratified the plan of Vodafone Essar and its six other associate companies to transfer their passive infrastructure assets, including mobile towers and equipment worth Rs 20,000 crore, to group firm Vodafone Essar Infrastructure. It claimed that the scheme was intended to avoid capital gains tax worth Rs 3,500 crore and stamp duty worth Rs 600 crore and the transfer of these assets would have attracted Central Sales Tax or VAT and other provisions of the I-Tax Act, 1961.

According to the fresh affidavit, Vodafone, Bharti and Idea formed a JV (Indus Towers) for pooling in their existing passive assets. Instead of directly transferring these assets to Indus, a conduit in form of a colourable device was developed to evade taxes whereby the assets were first transferred into transferee companies and then these companies were amalgamated into Indus Towers.

"The respondent company suppressed that the transferor company had in December 19, 2008 entered into an Indefeasible Right to Use Agreement with Indus whereby the exclusive right to use the passive asset had already been granted to Indus with effect from January 1, 2009 (date prior to the effective date of scheme)," the affidavit said.

The I-T department further said that the HC failed to appreciate that at the time when the board of directors of the transferor company approved the scheme, the firm lacked the corporate power to make gifts. FE

'Need Mumbai, Delhi, Kolkata licence extension'

MUMBAI: Vodafone India on Thursday said it has sought extension of its licence period for Delhi, Mumbai and Kolkata circles, which are coming up for renewal in November 2014.

The telecom operator has sought the extension under clause 4.1 of the licence agreement under which the government can extend the period of licence by 10 years at one time if the request is made the operator during the 19th year of the licence period.

The government is working on conducting auction of spectrum in 900 MHz band for Delhi, Mumbai and Kolkata circles during this financial year.

(Financial Express)