

## **I-T officials violated the law: Nokia**

Finland-based mobile handset maker Nokia today came heavily on the Indian Income Tax (I-T) Department stating that the authorities actions are excessive, unacceptable and inconsistent with Indian standards of fair play and governance. The company also said that the department officials have violated the laws during the search at the factory for possible tax evasion.

Responding to which a Department official said that Nokia is trying to divert the issue by creating false claims.

Nokia said that it has filed letters of objection protesting against the actions taken by the I-T authorities in Chennai. "We believe run counter to the domestic laws of India and international standards. The actions of the I-T authorities in Chennai are excessive, unacceptable and inconsistent with Indian standards of fair play and governance," said in the statement.

Specifically, in tax investigations like this, local standards would prohibit government officials from entering the factory premises and Nokia IT systems without valid authorisation and questioning individual employees for intolerably long periods of time, even after they have fully cooperated with the authorities.

Responding to this, the I-T official said that "...no question of trespassing, whatever we have done it is very much under the law. The inspection was done Under Section 131 - Income Tax Act, 1961, which confine to discovery and inspection They are just trying to deviate the issue and creating bogus claims," said the Official.

Nokia further said, since the opening of the tax investigation on January 8, 2013, Nokia has cooperated fully with Indian officials, and has responded to all queries raised, extending full support in completing the investigation.

It further said, Nokia has not received any official information on the potential tax claims, and thus far has only seen wildly varying claims from anonymous officials via the media. "We do not see any merit in any of the claims, and are ready to defend ourselves vigorously".

Responding to which, the official agreed that exact quantum (tax evasion) was not told to them (Nokia). In a week an Order will be sent by I-T Department in New Delhi, which will have the exact quantum. It may be noted, the Department has alleged that Nokia tax evasion could be to the tune of Rs 3,000 crore and another Transfer Pricing Violation could be to the tune of around Rs 10,000 crore.

The Official said, the final report by the Chennai Office was submitted to the Delhi office on Monday along with Central Forensic Science Labs (CFSL's) report. It may be noted on Thursday, CFSL went to Nokia's factory to do a verification was to look into the computer systems that were used to download the software from Nokia's parent in Finland and this will strengthen the Department's case against Nokia.

Nokia's statement further said, I-T authorities are focusing on the withholding tax on payments made by Nokia for the supply of operating software from its parent company in Finland. Nokia notes its position is that it is in full compliance with local laws as well as the bilaterally negotiated tax treaty between the Governments of India and Finland, as far as withholding tax on supply of operating software is concerned.

Nokia confirms that its position is that its transfer pricing policies are fully in accordance with applicable legislation in India and Finland, including the bilateral tax treaty in force between the countries.

"It is important to note that since setting up the factory Nokia's transfer pricing policy has been regularly scrutinised and validated by the Indian and Finnish Tax authorities in the normal course of tax proceedings," said in the statement.

*(Business Standard)*