

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:358

ANSWERED ON:20.11.2009

TAX EVASION BY VODAFONE

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Ray Shri Rudramadhab ;Sampath Shri Anirudhan;Yaskhi Shri Madhu Goud

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Income Tax Department has issued a notice to telecom company Vodafone International Holdings relating to levy of tax during the recent time;
- (b) if so, the details thereof and response of the company thereto;
- (c) the steps taken to recover outstanding tax from the company; and
- (d) the measures adopted to check siphoning off or illegal transfer of funds abroad?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) to (c): A notice under sections 201(1) and 201(1A) of the Income-tax Act, 1961 was issued to Vodafone International Holdings BV (VIH BV) on 30.10.2009 requiring it to show cause as to why it should not be held that the income-tax department has competent jurisdiction to proceed against it for the default of non-deduction of tax at source from the payment made of approximately US \$ 11.2 billion to Hutchison Telecommunications International Limited (HTIL) for acquiring the controlling interest and other assets of HTIL in the Indian telecom company Hutchison Essar Limited. VIH BV was also asked to show cause why it should not be treated as an assessee in default for its failure to deduct and pay the said tax. VIH BV was required to file its explanation in this regard by 16-11-2009. However, VIH BV has requested for further time till 29.1.2010;

(d) In order to ensure that due taxes are paid on income remitted abroad, any person responsible for paying to a non-resident, any sum chargeable under the provisions of the Income-tax Act, 1961 (not being income chargeable under the head 'Salaries'), in terms of the provisions of section 195 of the said Act, is required to deduct income-tax thereon at the rates in force. The remitter is also required to furnish the information electronically in prescribed forms, relating to the remittance, after obtaining a certificate from an accountant, in accordance with the provision of sub section (6) of section 195 of the Income-tax Act, 1961 read with Rule 37BB of the Income-tax Rules, 1962.