

Cabinet may consider Vodafone tax issue next week: FM

Finance Minister P Chidambaram today said the Cabinet is likely to take a view on the Rs 11,200 crore Vodafone tax case next week.

"Not today. Probably next week," he told reporters when asked whether the Vodafone tax issue would be discussed at the Cabinet meet today.

Chidambaram had earlier said the Cabinet would take a final view on the Vodafone tax case and also other similar matters including that of global petroleum giant Shell, after taking into account the opinion of the Attorney General G E Vahanvati.

"As far as Vodafone is concerned, they had written to us proposing conciliation. We have written back saying that yes your request will be considered by the competent authority. So the matter will go to the Cabinet," he had said.

Vodafone, which is facing a tax liability of Rs 11,200 crore for purchase of Hutchison Whampoa's stake in its Indian telecom business Hutchison Essar in 2007, had written to the Finance Ministry seeking settlement of the tax issue.

This follows Finance Ministry's reminder notice to the UK-telcom giant Vodafone in January for payment of tax.

The government is likely to announce some steps to deal with the complex issue concerning indirect transfer of Indian assets through overseas deals in the Budget for 2013-14 which will be unveiled in the Lok Sabha on February 28

The Vodafone tax liability arose due to amending of the Income Tax Act, 1961, with retrospective effect during the tenure of the then Finance Minister Pranab Mukherjee to undo the Supreme Court judgement that had ruled in favour of the company.

The government is working towards a solution based on recommendations of the Parthasarathi Shome panel which suggested that either the government withdraw the retrospective tax amendment or waive interest and penalty in case it had to recover the taxes.

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