

## **FinMin hits back, says Vodafone was aware of tax liability**

The Finance Ministry today hit back at Vodafone's claim that it was not told of the tax liability on the Hutchison deal, saying that the British telecom giant was provided a copy of the notice.

"We have provided copies of the letter (about tax liability) to the concerned parties," Hutchison Essar, which was later taken over by Vodafone, had said in its communication to the tax department on April 5, 2007, a finance ministry official pointed out.

Vodafone in a statement yesterday had claimed that it had never received any communication from authorities to withhold tax while making payment to the Hutchison and described the comments of Finance Secretary R S Gujral in this connection as "untrue".

The Income Tax Department had in March 2007 advised the Vodafone to withhold tax while making payments to Hutchison to acquire its stake in Hutchison Essar Ltd in the USD 11.2- billion deal. The deal happened in May 2007, well after the tax demand was raised in March 2007, the official said.

"The payer ( Vodafone group) as well as payee (Hutchison Telegroup) can make application to the Assessing Officer under section 195(2) and 197 of Income Tax Act 1961 for dealing the exact tax liability resulting from above mentioned (acquisition) transaction," said the letter sent by I-T Department on March 23, 2007.

It's a matter of record, the official said, adding that "since Vodafone was UK-based company, we sent letter/notice to Hutchison Essar Ltd for dealing the exact tax liability and Hutchison Essar Ltd provided the letter to concern parties. Hutchison Essar had acknowledged this."

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