

Vodafone settles multi-million tax case in UK: Report

Vodafone Group paid millions to Britain's tax authority as part of a settlement linked to its Irish unit, the Guardian reported on Sunday.

The Guardian reported that accounts filed in Dublin showed that in 2009 Her Majesty's Revenue and Customs (HMRC) settled a dispute with the British telecoms provider over its Irish tax returns.

The overall size of the settlement has not been revealed but it involved Vodafone reclaiming 67 million euros (\$89.33 million) from the Irish government in tax that should have been paid in the UK, the Guardian reported.

"Vodafone conducts itself in full compliance with the law and always operates under a policy of full transparency with the tax authorities in all countries in which we operate," the company said in statement in response to the article.

Vodafone has come under criticism in recent years from campaigners after it said it had not paid any corporation tax in Britain for two years due to tough operating conditions in its home market.

The Guardian said that Vodafone used an Irish subsidiary, Vodafone Ireland Marketing Ltd (VIML), to collect royalty payments from operating companies and joint ventures around the world for using its brand.

The Guardian reported that during a four-year period, these royalty payments, collected from most countries except the UK and Italy, have helped Vodafone send more than 1 billion euros worth of dividends to the low tax jurisdiction of Luxembourg from Dublin.

Vodafone said in its statement that the settlement with HMRC related to a number of technical factors regarding inter-Group transfer pricing arrangements.

Notably, throughout the period covered by the settlement, the profits of VIML had been taxed by the Irish authorities at the rate of 25%, the UK-based mobile phone group said.

In accordance with the Treaty between the UK and Ireland which prevents double taxation on the same income, the Irish government credited taxes previously paid by Vodafone and these were then paid to the UK Treasury as part of the overall settlement, the company added.

Vodafone said this was disclosed in its annual report and accounts.

(Economic Times)