

Nokia claims tax raid was excessive

MUMBAI, INDIA: Finnish phone giant Nokia said on Tuesday (12 February) it had protested to the Indian government over a tax raid at one of its factories in South India, slamming the action as "excessive and unacceptable".



Officials last month raided one of Nokia's manufacturing units in the southern city of Chennai as part of an investigation into tax department suspicions that it may have evaded taxes totalling 30bn rupees (US\$545m).

Nokia, which strongly denies evading taxes, said it had sent a "letter of objection" to Indian tax authorities.

"The actions of the income tax authorities in Chennai are excessive, unacceptable and inconsistent with Indian standards of fair play and governance," Nokia said.

India, one of the world's fastest growing mobile phone markets, is Nokia's second-largest market, with the Chennai factory producing over 20 different models for the company.

Nokia said it has yet to receive "any official information" on potential tax claims by the Indian government.

"We do not see any merit in any of the claims, and are ready to defend ourselves vigorously," the company said.

Nokia is not the only multi-national firm facing a tax probe in India whose tax policies have caused deep concern among international business investors.

Last week, Anglo-Dutch oil major Royal Dutch Shell's Indian unit announced it would contest a local tax claim on a share sale.

British mobile network firm Vodafone is fighting a multi-billion-dollar tax bill from Indian tax authorities over its 2007 purchase of a stake in a domestic telecommunications company.

Vodafone maintains it is not liable to pay any tax on the transaction.

India's finance minister P. Chidambaram has vowed to clamp down on tax evasion to help to lower the country's ballooning fiscal deficit.

At the same time, he has said he wants India to have a "stable tax regime with clarity on tax laws" and for tax authorities to have a "non-adversarial" approach to tax collection.

Source: *AFP* via I-Net Bridge