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- Bombay High Court dismisses Vodafone's petition against Income Tax Department
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» **Bombay High Court dismisses Vodafone's petition against Income Tax Department**

We understand from news reports that the Bombay High Court in a significant decision today on December 3, 2008, has dismissed telecom major Vodafone's petition challenging the Income Tax Department's ("I-T Department") show-cause notice to Vodafone last year for payment of capital gains tax of around USD two billion.

The Division Bench of Justice S Radhakrishnan and Justice Anand Nirgude, however, continued the earlier stay on the I-T Department's show-cause notice for further eight weeks to enable Vodafone to file an appeal in the Supreme Court of India. As per Vodafone's representatives, Vodafone would be filing an appeal in the Supreme Court very soon.

The I-T Department had served a notice on Vodafone-Essar on seeking around USD two billion as capital gains in the USD 11.2 billion sale of Hutchison Telecom International Ltd's (HTIL) 67% stake in Hutch-Essar, now renamed as Vodafone-Essar to Vodafone Holdings International, a Netherland-based company as the I-T Department expected Vodafone to have withheld taxes before making payment to Hutch.

The text of the ruling is not currently available and is expected to be in public domain in next few days. We would keep you updated on any further progress in this front.

In case of any clarifications please contact our Knowledge Management Team.

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