

# Briefs: India court blocks state telecom sales tax

March 3 2006

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India's Supreme Court ruled Friday that state governments don't have the authority to charge a sales tax on telecom services to customers.

The high court determined that the provision of phone services cannot be considered a transfer of goods and ruled that sales tax can only be applied to handset sales.

"Goods do not include electromagnetic waves or signals," the majority opinion said.

Press Trust India described the decision as a blow to Indian state governments that had in some instances levied hefty sales tax bills on telcos.

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