

# IBM says will 'aggressively' contest India tax demand

November 6 2013

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The local unit of US technology services giant IBM said Wednesday it will "aggressively defend itself" through legal means against an Indian tax demand for a reported \$865 million.

The Indian unit of IBM declined to say how much [tax](#) authorities were seeking, but local media have said the company has been told to pay 54 billion rupees (\$865 million) in arrears for allegedly under-reporting its 2008-2009 earnings.

"IBM does not agree with the tax department's claims and will aggressively defend itself through the appropriate judicial process," an IBM India spokeswoman told AFP.

The case is the latest pitting a multinational against Indian income tax authorities, and comes as the country has been seeking to portray itself as more investor-friendly to draw much-needed foreign investment.

India is locked in tax battles with Vodafone, Nokia and Royal Dutch Shell, among other international companies.

The tax department alleges that New York-based IBM did not fully report its Indian export earnings, according to media reports. A spokesman for the tax department would not immediately comment.

IBM, whose operations in India span [global business services](#), technology and software, denied any wrongdoing.

"Fundamental to IBM's culture and business model is that we act with integrity wherever we do business," the spokeswoman said in an emailed statement.

The Mumbai newspaper DNA reported that [tax authorities](#) were combing IBM India's tax returns back to the financial year 2000-2001 for possible irregularities.

Information technology services companies in India normally receive tax exemptions on profits earned from the export of software and related services from facilities in so-called software technology parks and special economic zones.

But due to differences in the way tax rules have been interpreted, there has been a string of disputes. The tax department in many instances has denied claims by the IT companies for exemptions.

IBM, one of the biggest technology employers in India with an estimated workforce of around 150,000 people, uses the country as a base for its global services delivery.

India is also a vast market for the company, which generates around \$3 billion in annual revenue from the country. Nearly half comes from domestic operations and the other half from exports and other sources, according to industry estimates.

IBM does not give country breakdowns of its revenues.

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Citation: IBM says will 'aggressively' contest India tax demand (2013, November 6) retrieved 25 April 2024 from <https://phys.org/news/2013-11-ibm-aggressively-contest-india-tax.html>

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