

China Telecom says profit down 9 percent due to tax change

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China Telecom Ltd., one of China's three main state-owned phone carriers, says its quarterly profit fell 9 percent from a year earlier due to tax changes and a rise in personnel costs.

The Beijing-based company said Tuesday it earned 5 billion yuan (\$804 million) in the three months ended March 31. Revenue declined 2.1 percent to 81.4 billion yuan (\$13.1 billion).

China Telecom said its profit suffered a "[negative impact](#)" due to the replacement of a business tax on the industry with a value-added tax. Spending on personnel rose 16 percent.

Profit in China's state-owned telecoms industry has been squeezed by intense competition and technological change that has required carriers to invest in new mobile phone and Internet infrastructure.

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