GLOBALSERVE INTERNATIONAL NETWORK

UPDATES

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Vodafone wins landmark Indian tax case

Shares in Vodafone rose 1.5pc, after the mobile phone giant won its long-running battle with India's tax office over a $2.5bn (£1.3bn) bill.

Vodafone Group

Imposing a tax on its $11bn acquisition of a 67pc stake in Hutchison Whampoa's Indian mobile unit, which later became Vodafone Essar, would "amount to imposing capital punishment for capital investment," the judgment said.

India's tax office said Vodafone was liable for $2.5bn (£1.3bn) in tax because most of the assets in the deal were based in India.

However, Vodafone objected on the ground that the deal was between two overseas companies and that the tax was applied retrospectively. It appealed to the Supreme Court after losing a High Court case in 2010.

In quashing the earlier judgment, the Supreme Court instructed the tax office to refund 25 billion rupees (£320m) Vodafone had deposited, along with 4pc interest. Vodafone's shares rose 2.55 to 177.05p.

Swiss open up to exchange of money-laundering data

Switzerland has amended its law to allow it to exchange more financial data to help in the international fight against money laundering and the financing of terrorism

Switzerland, under fire for its rigid laws protecting financial privacy, had been warned it faced suspension from the Egmont Group of Financial Intelligence Units, a group of government agencies that aims to improve cooperation to root out money laundering and terrorist finance.

"With this amendment we are in line with the principles of information exchange of the Egmont Group," Judith Voney, spokeswoman for the Federal Office of Police, told Reuters by telephone.

Current Swiss law forbids the communication of details such as bank account numbers, financial transactions or bank balances to non-Swiss authorities.

Under the amendment, the Money Laundering Reporting Office Switzerland (MROS) can share such details with its international counterparts rather than simply providing administrative assistance.

The amendment does not apply to money or other assets frozen or seized under the terms of international sanctions, but only cases linked to money laundering and the financing of terrorism, Voney said.

Danish tax authorities lose beneficial

A very important decision has been issued by Danish National Tax Tribunal under which the EU Parent Subsidiary Directive (PSD) applies in the case of Cyprus Company which is the owner in Danish Company.

The Danish National Tax Tribunal published its decision on 13 January 2012 in the fourth of a series of cases dealing with the beneficial ownership of dividends and interest paid by a Danish company to a nonresident holding company (SKM2012.26.LSR). The tribunal ruled in favor of the taxpayer, with the result that the dividends could be paid from Denmark free from Danish withholding tax.

In the present case, the Cypriot company was a legally established and properly functioning company, and by virtue of its ownership of the shares in the Danish company, was the proper recipient of the dividends distributed by the Danish company.

The fact that the main activity of Cyprus Ltd. was to hold shares in the Danish company did not necessarily imply that it was not a commercial operation and, thus, the case differed from other cases in which the Danish Supreme Court has ruled that an arrangement was abusive and, therefore, should be disregarded. As a result, under article 5 of the PSD, the distributions by the Danish company are exempt from withholding tax.

The Ministry of Taxation is considering whether to appeal the case to the High Court.

News

Globalserve Consultants Ltd participated at the Business Forum ***"Cyprus: An International Business & Financial Centre"*, *Tel Aviv, 24-26 January 2012,*** organized by the Cyprus Chamber of Commerce and Industry in association with The Federation of Israeli Chambers of Commerce.

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Globalserve Profile

Globalserve Consultants Ltd, is engaged in the area of international tax planning. We incorporate companies from a variety of 23 jurisdictions while focusing on the Cyprus Company which its use is very effective as an onshore jurisdictions with an excellent use towards international tax planning.

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