

Verdict to impact M&A deals outside India: Vodafone Advisor

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The Bombay High Court on Wednesday ruled in favour of the [Income Tax](#) department in the high profile Vodafone tax case. The ruling states that the IT department has the jurisdiction to send notice to Vodafone to pay Rs 12,297 crore as tax liability for its 2007 Hutch-Vodafone deal.

In a media statement, Vodafone said that the validity of transfer of CGP shareholding has been upheld in the judgement. The income tax department can levy tax on part of the transaction, it said. Vodafone is seeking legal advice to challenge this part of the judgement. The company will review the judgement in detail and consider its next steps, which includes the option of an appeal to the Supreme Court," the statement added.



Excerpts from [Closing Bell on CNBC-TV18](#) [Watch the full show](#)

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In an interview with CNBC-TV18's [Menaka Doshi](#), Nishith Desai, Advisor to Vodafone, speaks about the judgement and its impact on cross border mergers and acquisitions.

Below is a verbatim transcript. Also watch the accompanying video.

Q: Your reaction on the fact that this case has now gone against Vodafone and in favor of the IT department?

Desai: It is a disappointing judgment but at the same time the court ruling must be respected. At the same time what I see is there would be tremendous difficulties in pursuing the international mergers and acquisitions. At the same time the court has said that form prevails over substance.

This will impact a lot of cross border mergers even completely outside India. So this is going to create a lot of difficulties and all the transactions somewhat either similar to or akin to Vodafone would have to be examined and take a judgemental call on that.