

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**CORRECT FACTUAL POSITION AND THE CIRCUMSTANCES THAT LED TO  
THE GOVERNMENT'S PROPOSAL TO WITHDRAW FROM THE CONCILIATION  
MEASURES INITIATED EARLIER WITH VODAFONE INTERNATIONAL HOLDINGS  
B.V.(VODAFONE)**

**New Delhi, May 12, 2014  
Vaisakha 22, 1936**

Certain news reports appearing recently in newspapers have presented a distorted version of facts that led to the Government's proposal to withdraw from the conciliation measures initiated earlier with Vodafone International Holdings B.V.(Vodafone). Department of Revenue, Ministry of Finance, Government of India would like to assert the correct factual position and the circumstances in which a proposal was moved before the Cabinet seeking to withdraw the conciliation offer. The sequence of events is as under:

- On 28<sup>th</sup> February, 2014, the Cabinet deferred consideration of a proposal of the Department of Revenue to withdraw from the conciliation talks with Vodafone and advised that efforts be made towards expeditious adjudication of the transfer pricing dispute with Vodafone India Services Private Limited in the Income Tax Appellate Tribunal (ITAT).
- Through letter dated 11.03.2014, the Department of Revenue requested Vodafone to engage seriously in the proceedings before the ITAT and ensure no avoidable delay is caused and advised that the Department would also ensure that the appeal is heard early. It was stated that thereafter the matter regarding conciliation would be reviewed.
- However, through its letter dated 13.03.2014 to the Department of Revenue, Vodafone stated that they see no merit in reviewing the matter of conciliation on receipt of the decision of the ITAT and further stated that the only body capable of resolving the issue would be an arbitration panel constituted according to Bilateral Investment Promotion and Protection Agreement (BIPA).
- It was then decided to approach the Cabinet again, bringing these facts to their notice and seeking approval for withdrawal of conciliation.
- Meanwhile, without waiting for the outcome of the ITAT proceedings, VIHBV has served a "Notice of Arbitration" dated 17.04.2014 seeking arbitration under the BIPA between India and Netherlands.

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