

SC allows Ncell to repatriate dividend

The Supreme Court (SC) on Sunday paved way for private telecom company Ncell to repatriate its dividend from Nepal.

A bench of justices Kedar Prasad Chalise and Om Prakash Mishra allowed repatriation of the profit earned by Ncell in Nepal. The bench of justices stated that disallowing Ncell to repatriate its dividend will adversely affect the company and its stakeholders. Furthermore, the SC verdict has stated that any company operating in Nepal, as per the Foreign Investment and Technology Transfer Act, 1992, can repatriate its profit out of foreign investment in Nepal in foreign currencies.

Similarly, the SC verdict has highlighted that Ncell has cleared all its capital gains tax (CGT) of the Ncell buyout deal, while TeliaSonera, the previous owner of Ncell, is liable to clear CGT to the government. As per SC, stopping Ncell from repatriating dividend is illogical.

Following the verdict to this effect from the apex court, Ncell can now repatriate its dividend amounting to almost Rs 72 billion.

Earlier, the government had barred Ncell from repatriating its dividend until the issue of CGT related to the Ncell buyout deal was settled. Subsequently, Nepal Rastra Bank (NRB), on July 10, had issued a directive barring banks and financial institutions from offering exchange facilities to Ncell, Axiata (current owner of Ncell) and Reynolds Holdings Ltd (subsidiary of TeliaSonera).

The Swedish telecom company TeliaSonera had sold its majority stake at Ncell to Malaysian telecom firm Axiata. However, the Ncell buyout deal landed in controversy after the concerned bodies tried to dodge the liable taxes in the deal.

In June, the Large Taxpayers Office (LTO) had determined Rs 60 billion in CGT from the Ncell buyout. Following immense pressure, Ncell has already paid Rs 23.6 billion as CGT of the deal to the government.

However, the government has not been able to recover the remaining portion of CGT in the Ncell buyout deal as TeliaSonera — the seller of the company — has already left Nepal.

Source: The Himalayan Times, 26th December 2017