

MTS, Uzbeks Tussle Over Taxes

By [The Moscow Times](#)

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Uzbekistan has launched a tax claim of nearly \$1.3 million against mobile phone group MTS and detained several senior managers, deepening the company's growing problems in Central Asia markets.

The Uzbek government had earlier threatened to suspend MTS's license in the former Soviet nation, echoing a dispute between the company and Turkmenistan in 2010, which forced MTS to take a writedown of \$140 million.

"Uzbekistan authorities are conducting audits of the financial and operating activities ... and, with no grounds, have detained its managers," MTS said in a statement.

"These actions are being carried out in violation of local regulations, which create risks for the continuity of MTS operations in Uzbekistan and could lead to a cessation of business activity," it added.

MTS said that its Uzbekistan business had received papers from the Prosecutor General's

Office of Uzbekistan relating to tax claims of 2.4 billion soms (\$1.27 million), while those detained include the unit's chief financial officer.

A statement on the Uzbekistan Prosecutor General's website confirmed that it had started investigations into MTS's Uzbekistan business.

Uzbekistan contributed 3.5 percent of MTS's 2011 revenues, some \$430 million, and 4.5 percent of its operating income before depreciation and amortization, the company said.

It has about 9 million subscribers in the country, around a third of its population.

MTS, which is part of the oil-to-telecoms conglomerate Sistema, held 85 percent of the Turkmenistan mobile market until December 2010, when its mobile license was suspended for reasons that the company claimed "were never fully justified."

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