

Sprint Rebuts NY AG Tax Dodging Charges

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Sprint is denying allegations from the New York Attorney General that it has dodged \$100 million in state taxes to gain a competitive advantage by making its plans cheaper.

"This complaint is without merit and Sprint categorically denies the complaint's allegations," Sprint spokesman John Taylor said in a statement. "We have collected and paid over to New York every penny of sales taxes on mobile wireless services that we believe our customers owe under New York state law."

Sprint allegedly underpaid \$100 million in state and local sales taxes for wireless service over the past seven years in a scheme to make its service cheaper than its competitors, according to a suit filed yesterday under the False Claims Act by New York Attorney General Eric Schneiderman.

"The decision not to collect and pay these taxes arose out of a nationwide effort by Sprint to obtain an advantage over its competitors - not by cutting its prices or offering better service - but by failing to collect and pay sales taxes its competitors properly collected and paid," the New York Attorney General's office said in its announcement yesterday.

According to the suit, the tax-dodge collectively made its plans cheaper by \$4.6 million per month because of taxes left off customers' bills.

The state alleges that Sprint has yet to correct its business practices and is asking for \$300 million in damages plus additional penalties if Sprint is found liable.

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