Cognizant Defends Tax Position At Chennai High Court Hearing; High Court Lifts Attachment Of Cognizant Accounts

TEANECK, N.J., April 3, 2018 /PRNewswire/ -- Cognizant (Nasdaq: CTSH) today announced that the Madras High Court in Chennai, India, granted Cognizant's application for a stay of the actions of the Indian Income Tax Department (ITD) and a lifting of the department's attachment of Cognizant's bank accounts. As part of the stay order, Cognizant will deposit $75 million (INR 4.9 billion), representing 15% of the disputed tax, to be kept in a suspense account by the ITD, with the remainder marked under lien. The Court further granted the request of Cognizant to address the ITD's collection actions and scheduled a hearing later in April 2018.

"Our operations remain unaffected," said Karen McLoughlin, Chief Financial Officer, Cognizant. "This dispute is with respect to a lawful, fully reviewed and disclosed transaction, and we are pleased with today's decision that restores appropriate due process. Cognizant is committed to complying with the law in all jurisdictions in which we operate, and we will continue our defense against the assertions of the Indian Income Tax Department in this and other tax disputes."

The underlying dispute involves the Indian Income Tax Department's recent assertion that it is owed additional taxes in connection with a 2016 $2.8 billion share buyback transaction undertaken by Cognizant's principal operating subsidiary in India. In that transaction, undertaken pursuant to a plan approved by the Madras High Court, Cognizant paid approximately $135 million (INR 9 billion) in Indian income taxes, which it believes are all applicable taxes owed according to Indian law.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 205 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

SOURCE Cognizant

For further information: U.S.: Rick Lacroix, + 1-201-470-8961, richard.lacroix@cognizant.com; India: Deepti Dayal, + 91 951 376 6300, deepti. dayal@cognizant.com; Investors: David Nelson, + 201-498-8840, david.Nelson@cognizant.com

---

Additional assets available online: Photos (1)

https://news.cognizant.com/2018-04-03-Cognizant-Defends-Tax-Position-At-Chennai-High-Court-Hearing-High-Court-Lifts-Attachment-Of-Cognizant-Accounts