

**NORTEL NETWORKS CORPORATION:
THE HONGKONG TAXMAN ORDERS: PAY UP !**

Nortel Networks Corporation, the Canadian loser, which is listed on The New York Stock Exchange, as well as other smaller exchanges in North America, is on a collision course with the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Nortel has an operation in the HKSAR, which is operated by its wholly owned subsidiary, Nortel Networks (Asia) Ltd.

This company was sued recently by The Commissioner of Inland Revenue of Hongkong in respect of allegations that it owes money for past assessable profits, earned in/through the territory.

Such matters are not, normally, made public so that details of the HKSAR taxman's claims against the HKSAR subsidiary of Nortel Networks are not completely known.

What is known, however, is that Nortel Networks (Asia) Ltd is deemed to have earned a sufficient amount of money in/through the territory that the HKSAR Government wants a slice of it.

The HKSAR operation is under the control of Mr John Giamatteo, who is responsible for sales and marketing activities and strategies for operations in the Asia Pacific countries, including Japan, Korea, Australia, New Zealand, Singapore, Malaysia, the Philippines, Thailand, India and Pakistan.

He has worked for Nortel Networks for the past 15 years.

He took up the post as head of the HKSAR operations in May 2004.

Nortel Networks is in the business of selling networking equipment and considers itself to be a high-tech company.

However, it has never made a real profit in its entire history.

It was not that long ago that it had its financial back against the wall so that financial and corporate restructuring was an absolute necessity – and these restructuring programmes are continuing, today.

The Turnover of the company for the 2004 Financial Year, ended December 31, was about \$US9.83 billion, on which the company suffered a Loss Attributable to Shareholders of about \$US51 million.

The Turnover of this Canadian-based company has been falling, continuously, for the past 3 Financial Years, from about \$US11 billion in the 2002-Year, to about \$US10.19 billion in the 2003-Year, to about \$US9.83 billion in the 2004-Year.

In the 2002-Year, it reported a Loss Attributable to Shareholders of about \$US2.99 billion.

On April 29, 2005, Deloitte and Touche LLP, reported to Shareholders of Nortel Networks that things were not very well in the company.

Deloitte and Touche stated, inter alia, that the company and its subsidiaries ... [CLICK TO ORDER FULL ARTICLE](#)

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