

Income tax raids 15 places in Srinagar and Delhi

By TIOL News Service

NEW DELHI, OCT 23, 2020: THE Income Tax Department carried out search and seizure actions yesterday on a group of three assessee, based in Srinagar. Searches were conducted at 15 residential and business premises, out of which 14 were in Srinagar and one in Delhi. The group is engaged in multiple businesses including real estate, construction and renting of commercial and residential complexes in Srinagar, hotel industry, handicrafts, carpet trading, etc. The search has led to a seizure of unaccounted cash amounting to Rs. 1.82 crore and jewellery/bullion worth Rs. 74.00 lakh. Total undisclosed investments and cash transactions of Rs. 105 crore of the group, have been unearthed during the search.

The group owns a huge mall of 75,000 sq. ft. in Srinagar. However, the corresponding income tax returns have not been filed. The land was acquired under the Jammu and Kashmir State Lands (Vesting of Ownership to the Occupants) Act, 2001 from the State Govt at a throwaway price. The search has uncovered evidences of unexplained investment of more than Rs. 25 crore in this mall.

The group is also constructing 6 residential towers in Srinagar, out of which 2 towers, of around 50 flats each, have already been completed and remaining are under construction, for which also income tax returns have not been filed. Prima-facie, there is an unexplained investment of Rs. 20.00 crore in this project.

The group is also running a school, under a trust which is not registered under the Income - tax Act, 1961. One of the trustees has admitted to having withdrawn substantial cash from the said trust which has been diverted towards other business purposes and personal expenses of the group. Prima-facie, there is unexplained investment of around Rs.10.00 crore in this school building.

The search has led to recovery of incriminating evidences regarding receipt and payment of cash amounting to more than Rs. 50 crore from various premises. Three lockers have been found, which have been put under restraint. All the properties are being referred for valuation.

An engineering consultant firm, which had valued almost all immovable properties of the assessee group, was also covered under the search. It has been found that this firm has not filed any income tax return, even though more than 100 valuations have been done by it, with consultancy receipts of more than Rs. 4.00 crore, in the last six financial years. This engineering consultant firm had valued the properties of various assessee of the Valley in such a way that they could mortgage those properties to avail maximum loans from J&K Bank. Most of such loans have become NPA as per the bank. Details of such properties have been seized for making further enquiries.

Further investigations are in progress.