

Income tax raids real estate developer; finds dummy companies with investment overseas

By TIOL News Service

NEW DELHI, OCT 29, 2020: Income

Tax investigators are literally on a prowl! It yesterday searched in the case of a Bijnor based group engaged in real estate business and its associates. There were allegations that the group companies were having huge security premium reserves and massive liabilities in the form of loans and advances from related parties/others and other payables, even then they had advanced substantial loans to others. The sales of the group were not commensurate with the loans and advances shown.

During the search unexplained cash of more than Rs. 50 lakh and unexplained jewellery weighing about 2.5 kg has been found, so far. The allegations regarding share premium have been found to be correct during the search. They are not commensurate with the income of the concerned shareholders, who could not explain their sources.

During the search, more than 20 companies were found to be running from a single premise out of which many companies are dummy companies and do not show any operations. Companies are not having any worth but are showing significant amounts of share premium. The dummy companies are being used as conduit for layering of funds.

One of the group members has financial interest in one UK-based foreign company and one property in London, the sources of investment therein are being examined. Apart from this, incriminating documents relating to investments in many properties have also been recovered from several premises and the same are being investigated. The sources of investment in properties owned by the group are being verified. Hand-written papers relating to certain payments/receipts have also been found during the search and are being examined.