

Income Tax raids TMT Bars manufacturer & a Trust with company in tax haven

By TIOL News Service

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Income Tax Department initiated a search and seizure operation on a prominent Kolkata-based Group, engaged in manufacturing of TMT Bars and structural construction materials on **01.12.2021**. The search action covered more than **20 premises** spread over West Bengal and Odisha.

The action unearthed various methods of tax evasion adopted by the group. A large number of incriminating evidences in the form of documents and digital data demonstrating high value unaccounted cash payments, unaccounted cash purchase and sales, suppression of production, etc. have been found and seized. A preliminary analysis of these evidences reveals that many paper/shell companies are run by the group to provide accommodation entries to its flagship concerns. These shell entities were found to have routed back their unaccounted money in the guise of share capital/unsecured loan into books of account. Such modus operandi has been admitted by one of the key persons of the group.

The search action has resulted in seizure of unaccounted cash of **Rs. 75 lakh** and jewellery valued at **Rs. 2.26 crore** while certain bank lockers have been placed under restraint. The search action, so far, has led to the detection of total unaccounted income of around **Rs. 100 crore**.

In a separate operation, the Income Tax Department initiated search action on **24.11.2021**

on a taxpayer in Delhi who has created a beneficiary trust and an underlying company in low tax overseas jurisdiction. The residence and business premises of the assessee were covered in the search action.

The search operation revealed that these undisclosed entities in low tax overseas jurisdictions were holding assets worth **Rs. 40 crore** in the form of immovable and movable assets. The taxpayer was availing handling services of a foreign Bank having branches in India that offers wealth management, financial planning, asset allocation, equity research, fixed income, investment strategies and fiduciary services.

During the search operation at his residence, corroborating evidences in the form of e-mails and documents have been found establishing his beneficial ownership of the foreign assets. In his statement recorded during the search, he has admitted to ownership of foreign assets. At the business premises, one hard disk containing data in the form of parallel set of books of accounts has been found. A preliminary analysis of such gathered evidences indicate understatement of domestic income to the tune of **Rs. 30 crore** from business undertaken in India.