

Income Tax raids business group operating from MP & Mumbai

By TIOL News Service

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Income Tax Department carried out a search operation on 14.07.2022 on a group engaged in the business of mining, sugar manufacturing and liquor. The key person of the group is also occupying a political position. The search operation covered several premises located in Madhya Pradesh and Mumbai.

During the course of the search operation, a large number of incriminating documentary and digital evidences have been found and seized.

The analysis of seized evidences of sand mining business reveals that the group has been indulging in tax evasion by not recording sales in the regular books of account. The comparison of actual sales as per digital evidence vis a vis accounted sales of contemporary months clearly exhibits regular large-scale suppression of sales exceeding Rs 70 crore. Evidence of non-payment of royalty on such unaccounted sales has also been found. Further, a sum of more than Rs.10 crore has been found to be paid in cash by the group to other business associates, which is outside the regular books of account.

In the case of the sugar manufacturing business, issues pertaining to stock difference have also been detected.Â

Evidence gathered during the search further reveals that some benamidars have been made partners in a firm doing the sand mining business and were also found to be declaring profits in their income tax returns. However, the money was actually being transferred by them to the beneficial owner of the group. During the search, one such benamidar, in his statement, admitted to being merely a salaried employee, having neither any knowledge of the affairs of the business nor having received any profits from such business.

So far, the search action has led to seizure of undeclared assets exceeding Rs. 9 crore.