

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

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PRESS RELEASE

Income Tax Department conducts searches in Uttar Pradesh and Karnataka

The Income Tax Department carried out search and seizure operation on 18.12.2021 on various persons and their business entities, engaged in the business of civil construction and real estate and running educational institutes in UP and Karnataka. A Kolkata based entry operator has also been covered in the search operation.

The search action covered more than 30 premises spread over various locations including Lucknow, Mainpuri, Mau, Kolkata, Bengaluru and NCR. Large number of incriminating evidences including hard copy documents and digital data have been found and seized during the search. Preliminary analysis of the same has revealed the following modus-operandi of tax evasion:

- a) It was found that several entities, engaged in the business of civil construction, were involved in claiming of bogus expenditure running into crores of rupees. Various incriminating documents including blank bill books, stamps, signed cheque books of bogus suppliers have been found and seized. In case of one company, undisclosed income of over Rs. 86 crore of the directors of the company has been detected. Out of it, the person concerned has admitted a sum of Rs. 68 crore as his undisclosed income and offered to pay tax thereon. In the case of a proprietary concern, books of accounts relating to its turnover exceeding Rs. 150 crore during the last few years could not be produced. In another concern, it was detected that it used the conduit of shell companies to route its unexplained income and investments. Such unexplained investment to the tune of Rs. 12 crore has been identified. In case of another person, unexplained investment of Rs. 11 crore in a shell company and investments in benami properties worth Rs. 3.5 crore have been identified.

- b) Further, a Kolkata based accommodation entry provider was also covered in connection with providing accommodation entries to these persons. It was found that the entry operator formed various shell companies to provide accommodation entries of bogus share capital to the tune of Rs. 408 crore and bogus unsecured loan of Rs. 154 crore through these shell companies. Substantial amount of digital data evidencing hawala transactions has also been found & seized during the search operation. The entry operator has admitted to the above modus-operandi, and also disclosed unaccounted commission income of Rs. 5 crore.
- c) In respect of a Bengaluru based Trust and its related entities covered in the search action, it is revealed that substantial amounts of trust funds amounting to Rs. 80 lakh have been transferred, in the guise of donation, for non-trust purposes, to certain Kerala based entities including Markazu Saquafathi Ssunniyya Trust and Markaz Knowledge City Trust, connected with Gulf countries, for the personal benefit of the trustees. This, prima-facie indicates violation of relevant provisions relating to registration of trusts under the Income-tax Act, 1961 for claim of exemption, as well as, FEMA provisions. Evidences with regard to collection of capitation fee of about Rs. 10 crore in cash, and expenses to the tune of over Rs. 4.8 crore incurred from the account of the Trust, for the trustees' personal benefit, over the last 3 years, have also been gathered.

The search action has resulted in seizure of unaccounted cash of Rs. 1.12 crore.

Further investigations are in progress.

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