

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

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PRESS RELEASE

Income Tax Department carries out survey operations in Delhi & Mumbai

A survey action under section 133A of the Income- tax Act, 1961(the Act) was carried out at the business premises of group entities of a prominent international Media Company at Delhi and Mumbai. The group is engaged in the business of development of content in English, Hindi and various other Indian languages; advertisement sales and market support services, etc.

The survey revealed that despite substantial consumption of content in various Indian languages (apart from English), the income/profits shown by various group entities is not commensurate with the scale of operations in India. During the course of the survey, the Department gathered several evidences pertaining to the operation of the organization which indicate that tax has not been paid on certain remittances which have not been disclosed as income in India by the foreign entities of the group.

The survey operations also revealed that services of seconded employees have been utilised for which reimbursement has been made by the Indian entity to the foreign entity concerned. Such remittance was also liable to be subject to withholding tax which has not been done. Further, the survey has also thrown up several discrepancies and inconsistencies with regard to Transfer Pricing documentation. Such discrepancies relate to level of relevant Function, Asset and Risk (FAR) analysis, incorrect use of comparables which are applicable to determine the correct Arms Length Price (ALP) and inadequate revenue apportionment, among others.

The survey operation has resulted in unearthing of crucial evidences by way of statement of employees, digital evidences and documents which will be further examined in due course. It is pertinent to state that statements of only those employees were recorded whose role was crucial including those connected to, primarily, finance, content development and other production related functions. Even though the Department exercised due care to record statements of only key personnel, it was observed that dilatory tactics were employed including in the context of producing documents/agreements sought. Despite such stance of the group, the survey operation was conducted in a manner so as to facilitate continued regular media/channel activity.

(Surabhi Ahluwalia)
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Official Spokesperson, CBDT.