

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

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PRESS RELEASE

Income Tax Department conducts searches in Bihar

The Income Tax Department has carried out searches on 29.10.2020 in the cases of four prominent contractor groups based in Patna, Bhagalpur, Hilsa, and Katihar. In addition, surveys have been conducted on some traders of mined rocks in Gaya.

All the four groups have been found to have been evading taxes by inflating expenses for the supply of material and labour.

In one case payments have been made to various parties without any evidence of having received any services or supplies. Payments made to bogus parties are received back as an unsecured loan or sometimes withdrawn in cash. Such loans are of about Rs. 10 crore. Further, substantial bogus purchases have been debited in the books. These parties do not exist, but are shown as 'creditors' in the books. Such creditors amount to about Rs. 20 crore. Further, bank documents, accounts and other incriminating material of some bogus parties have been seized from the premises of the assessee. These documents and consequential field investigations clearly show that the parties are not genuine and bank accounts have been opened and are being operated by the assessee only. The cash generated has been used in acquiring properties etc.

Seized documents in another case also show that the payments for inflated expenses are being made by bearer cheques. These payments are withdrawn from the bank account by the assessee's own persons. Such amounts are being quantified. There are sundry creditors for unpaid labour of about Rs 15 crore. These have also been found to be bogus during the search.

There are documents showing inflation of expenses of about Rs 15 crore in another group. This group has made investments in properties in Bihar, Orissa, and Madhya Pradesh.

In another case, evidence of payments made for bogus purchases through cheques but received back in cash has been seized. The cash generated has been invested in purchasing properties and construction of a commercial building. Evidence of such concealment of income of about Rs. 10 crore, using this modus operandi, has been found.

Various incriminating documents, including diaries, purchase deeds, documents showing receipts and payments in cash have been seized.

During surveys also, evidences of unaccounted cash entries, unaccounted sales and purchases have been found totalling to more than Rs. 8 crore. In addition, sales and purchases of stone etc have been found to be not recorded in the books of accounts.

During the search, cash totalling upto Rs 3.21 crore has been seized. Fixed deposits of Rs. 30 crore have been placed under prohibitory orders. Further, properties worth Rs. 16 crore are being placed under prohibitory orders.

The searches have led to unearthing of unaccounted income of about Rs. 75 crore, so far. Further investigations are continuing.

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