

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1200
ANSWERED ON:30.11.2012
EVASION OF TAXES BY COMAPNIES
Bishnoi Shri Kuldeep

Will the Minister of FINANCE be pleased to state:

- (a) whether certain companies availing tax exemptions are allegedly evading taxes by shifting profits of non-eligible unit to one in the exempted category;
- (b) if so, number of such cases reported during the last three years, year-wise;
- (c) the action taken/proposed to be taken by the Government against such erring companies; and
- (d) the steps taken by the Government for close scrutiny of all such companies and also to plug the tax evasion tendencies?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a): No centralized data is maintained by the Central Board of Direct Taxes on different modes of tax evasion, including shifting of profits from a non-eligible unit to a unit under the exempted category on a case to case basis.
- (b): Not available in view of (a) above.
- (c): Whenever any instance of tax evasion comes to the notice of the Income Tax Department, appropriate action as prescribed under the Income Tax Act, 1961 is taken.
- (d): (i) Selection of cases for scrutiny is one of the important tools to check the possibility of tax evasion by assesseees, including companies, if any, mentioned at part(a) of the question above.
(ii) The scrutiny selection criteria include parameters for selecting cases availing exemption under Chapter III and claiming deduction under Chapter VIA of the Income-tax Act, 1961.
(iii) The other methods to check tax evasion include search and survey operations under the Income-tax Act, 1961.