

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1581
ANSWERED ON:13.12.2013
MISUSE OF IT EXEMPTIONS
Ray Shri Rudramadhab ;Singh Shri Yashvir

Will the Minister of FINANCE be pleased to state:

- (a) whether income tax exemptions have been reportedly by misused by major trusts being run by business houses;
- (b) if so, the details thereof for the last three years; and
- (c) the action taken or proposed to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI J.D. SEELAM)

(a) & (b): No centralized data regarding misuse of income tax exemption by major trusts being run by business houses is maintained by the Central Board of Direct Taxes. Instances of misuse, when come to the light, are dealt with by field authorities in accordance with law. The tax disputes arising on such issues are most of the time challenged before judicial forum by the assessee trusts and any such controversy can be treated as established only after the same gets finally settled by the Court.

(c): In case of any violation, action is taken as per the provisions of the Income-tax Act, 1961, which includes cancellation of registration under section 12A granted to the trust and treating its income as taxable. Penal consequences as per law also follow in suitable cases.