

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

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PRESS RELEASE

Income Tax Department conducts search operations in Maharashtra, Gujarat and Delhi on certain Indian companies and their associate concerns, controlled by a neighbouring country

The Income Tax Department has carried out search and seizure operations on certain Indian companies and their associate concerns, controlled by a neighboring country on **16.11.2021**. These companies are engaged in the business of chemicals, ball bearings, machinery parts, and Injection moulding machinery. The search action covered around **20 premises** spread over Mumbai, Ahmedabad and Gandhidham in Gujarat and also in Delhi.

A large number of incriminating evidence in the form of digital data showing earning of huge unaccounted income by these companies has been found and seized. It has been found that these companies are indulging in tax evasion through manipulation of books of accounts. The analysis of evidence has revealed that these companies have indulged in transferring funds by using a network of shell companies to a neighbouring country. An estimated amount of **Rs 20 crore** was transferred in the last **2 years** through the above modus operandi.

Investigations have revealed that a Mumbai-based professional firm not only assisted in formation of these shell companies but also provided dummy directors to these shell companies. The investigations have also shown that these dummy directors were either the employees/drivers of the professional firm or they were persons of no means. On questioning, they admitted that they were not aware of the activities of these companies and that they had been signing on documents as per the instructions of the key functionaries. The professional firm is also instrumental in assisting the foreign nationals by providing its addresses for banking and other regulatory requirements.

One of such companies trading in chemicals was found to be routing the claim of purchases through Marshall Island, a low tax jurisdiction. The company actually

purchased items worth **Rs. 56 crore** from a neighbouring company but the same has been billed from Marshall Island. However, payment for such purchases has been made into the bank account of the Marshall Island-based company which is held in the neighbouring country. It was further unearthed during the search proceedings that this Indian company was also involved in taking non-genuine purchase bills to reduce its tax liability and also paid unaccounted cash for purchase of land in India.

The search action has already resulted in the seizure of unaccounted cash of about **Rs. 66 lakh**. Bank accounts of some of the companies, with aggregate bank balances of about **Rs. 28 crore**, have been put under restraint.

Further investigations are under progress.

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