PRESS RELEASE

Income Tax Department conducts searches in J & K

Income Tax Department conducted a search & seizure operation on 19.02.2021, on a group running the biggest private Multi-speciality Hospital in Srinagar with more than 100 beds. Seven premises including 4 residential premises, all in Srinagar, were covered in the search.

The core business of the group includes running of the Hospital, Real Estate & Trading of Household Consumables.

The group is in the practice of buying large chunks of lands in piecemeal and aggregating them. Thereafter, it develops the land and carves out plots and sells them. Evidence showing more than 50% of consideration (over & above the registered value of the property) received in cash from buyers, has been seized during the search operation. Such sale consideration received in cash has never been offered to tax.

The group has made unaccounted property transactions of more than Rs.100 crore in cash since FY 2013-14 onwards. The payments/investments made through banking channels by the buyers of plots are also under investigation as prima-facie verification has shown that the investments have not been made using tax paid income. Thus, taxes will be leviable not only on the seller group but the buyers also, depending on the facts of the cases. There is substantial default of TDS on almost all purchases & sales of land/plots.

Further, the search has revealed substantial evasion of stamp duty due to the State Govt./Union Territory on cash paid as sale consideration over & above the registered value of the property. The information in this regard will be shared with the J & K Union Territory Authority for levy of stamp duty on the entire sale consideration, as evident from the seized documents and notification of circle rates as per the prevailing market rates.

During the search, it was also seen that the individuals have taken a number of plots/land as gifts from various unrelated individuals and they have not shown any income on this score u/s 56 of the I. T. Act, 1961 even though the same is chargeable to tax in the hands of the donee as income from other sources. The cases of the donors are also under investigation from the perspective of evasion of income tax.
Further, one of the taxpayers of this group engaged in trading of household consumables has made cash purchases of household consumables worth Rs.2.00 crore in 6 months in FY 2019-20, in violation of tax provisions which mandate payment of more than Rs.10,000/- at a time through banking channels only.

Evidence of various Benami Properties has also been unearthed and seized during the search. The same is under investigation.

Suppression of receipts from the running of the Hospital is under investigation. The average turnover shown by the Hospital is around Rs.10-12 crore since FY 2015-16; however, seized evidence shows actual receipts to be at least four times more. Evidence showing cash payments of Rs.3.00 crore, made to various doctors in the current year, has been seized during the search.

Cash of Rs.82.75 lakh and Jewellery & Bullion worth Rs.35.7 lakh have been seized as the concerned persons from whose custody these were found were not able to explain the same. One Bank Locker has been sealed.

Further investigations are in progress.

(Surabhi Ahluwalia)
Commissioner of Income Tax
(Media & Technical Policy)
Official Spokesperson, CBDT