

Income Tax Department conducts surveys in Bengaluru

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Income Tax Department carried out a survey operation on 08.07.2021 on two business premises in Bengaluru on one of India's leading manpower services provider. The assessee has been claiming huge deduction u/s 80JJAA of Income-tax Act, 1961 which incentivises new employment generation, subject to fulfilment of certain conditions such as emoluments paid to the employee (which should be less than Rs. 25,000 per month) and number of days of employment etc.

During the course of the survey operation, evidences of tax evasion have been gathered regarding wrongful claims of deduction u/s 80JJAA of Income-tax Act, 1961. The investigations further revealed, that, even though the emoluments of new employees added were more than Rs. 25,000 per month, the assessee has been wrongfully claiming deduction u/s 80JJAA by excluding certain components of emoluments of such employees to fit into the eligible emoluments limit of Rs. 25,000 per month.

Further, it has been found that deduction u/s 80JJAA has been claimed in subsequent years, even though certain eligible employees were no longer on the payroll of the assessee.

Overall, the survey has resulted in detection of concealment of income to the tune of Rs. 880 crore spread over various assessment years.

Further investigations are in progress.

RM/MV/KMN

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