

## News in flash

### IT department raid on CA unearthed money laundering racket running into over Rs 1,000 crore

The income tax (IT ) department in a raid on a chartered accountant (CA) last week unearthed a money laundering racket running into over Rs 1,000 crore. The CA, Mukesh Choksi, through his several companies generated fake bills showing share transactions in the name of his customers who wanted to convert their black money into white. The department also recovered a pay order of 1 million and came across another onetime transfer of Rs 10 crore in a private bank account.

A senior I-T official said, Choksis modus operandi was innovative. He referred to the previous days share transactions from newspapers and shortlisted scrips that witnessed huge trading on the bourses. He then created fake broker notes of intra-day trading on select shares, since these are not reflected in the demat accounts. Director of Investigation (I-T ) E T Lukose told TOI, We have to do a lot of work in this case. I am not in a position to disclose further details.

Choksi operated from a tiny air-conditioned garage in Santa Cruz (E). He managed the entire operations with just five computers, the official added. He floated around 26 companies through which he falsely claimed to have carried out share transactions with the customers. These companies existed only on paper . He operated across the country through his agents, who were mostly CAs or I-T practioners, the official said. The department has recovered documents containing the names of the people who availed of his services. We are yet to reach to the beneficiaries , Lukose said.

The cash that came from the beneficiaries was deposited in the bank accounts of one of Choksis companies. A cheque towards the said amount is deposited into the account of his another company . The second company issues a cheque in the name of the beneficiary. The beneficiary shows the money as gains made from the share transactions where Choksis companies acted as share brokers. Choksi deducted a commission for the services rendered , a source said. In one transaction, officials came across a cash deposit of Rs 10 crore in the private bank account of his company in Karnatakas Mandya branch. The money got transferred to another account in Mumbai for issue of pay order in favour of a charitable organisation in Chennai. However, the transaction got cancelled and the money was returned to the Mandya account and was withdrawn on the same day. We are investigating this too, the senior official said. Sources said that Choksi had come under the scanner twice in 2001-02 and again four years later in connection with similar transactions. SEBI had imposed a ban on him from operating in the market.

### Salman Khan Acquitted of tax evasion charges

According to Express India the Bombay High Court has dismissed a case which was filed by the Income Tax Department against the actor.

The case accused Khan of declaring his income for the year 1999-2000 as Rs 2,95,09,771 when he had actually earned Rs 4,63,64,106. Investigators charged the actor in 2006 after re-assessing his accounts.

However, the Income Tax Commissioner threw out the allegations, dismissed the investigator's findings and rejected pleas to reopen the case.

### [Few tips to Prevent Income Tax Raids](#)

One should not keep any unaccounted or undisclosed money, property or income popularly known as black money. If such a disclosure is made before its detection by the Income Tax Department, the chances of being trapped in a tax raid are minimized. A tax raid may also be conducted against a person in possession of undisclosed income or property not belonging to him but to someone else. It is therefore important for a person who is in possession or in custody of someone else's jewellery or other valuables, etc., to ensure that they are duly accounted for.