

CAG Raps I-T for Allowing Irregular Exemptions to Trusts

The Comptroller and Auditor General of India (CAG) has assailed the Income Tax department for allowing "irregular exemptions" to various trusts including two TATA trusts -- Jamshetji Tata Trust and Navajbai Ratan Tata Trust.

In a report tabled in Lok Sabha on Friday, the CAG has highlighted the illustrative cases of these two TATA trusts who had invested in aggregate Rs 3,139 crore -- arising from accumulations of capital gains -- in prohibited modes.

The assessing officer should have brought investments aggregating to Rs 3,139 crore to tax at maximum marginal rate.

This has resulted in short levy of tax of Rs 1,066.95 crore, says the CAG report.

TOTALLY 14 TRUSTS CASES

In all, the CAG has noticed 14 trust cases (including these two TATA trusts as illustrative cases) involving tax effect of Rs 1,090.03 crore where accumulations arising from capital gains were not either invested in specified mode or computed correctly.

(Business Line)