

## **I-T department busts hawala racket in Mumbai & Pune**

In a five month long twin city probe spread across Mumbai & Pune, income tax authorities have unearthed a massive hawala racket involving several taxpayers, including corporates who used bogus bills to suppress their taxable income. "Investigations conducted by the department in recent months in about 150 cases in Mumbai and 39 cases in Pune have led to detection of such bogus bills of Rs 6500 crores and Rs 722 crores respectively," the income tax department said in an official statement. In a clear warning to entities that have used bogus bills for purchases & expenses, the income tax department has announced a deadline of 15th March, 2013 for voluntary disclosures and payment of requisite taxes .

"Out of the 150 cases in Mumbai, a third are related to corporates, including a few high-profile groups involved in the pharma, chemicals, steel and real estate sectors. The investigative wing of the income tax department acted on inputs from the Sales Tax Department, Maharashtra and pursued several search/survey operations. In some cases, the disclosures from corporates were higher than anticipated," said a senior government official familiar with the probe. The income tax department is likely to initiate penalty and prosecution proceedings in certain cases if required, sources added.

The crackdown comes at a time when the Finance Ministry is battling sagging revenue collections as net direct tax collections during April-January this fiscal saw a slower pace of growth at 12.49 per cent as against the budgeted annual target of 15 per cent, to stand pegged at Rs.3,90,310 crore, marginally higher than the Rs.3,46,959 crore garnered during the same period in 2011-12. In a sign of a new and aggressive tax policy, Budget 2013 has allowed arrest on suspected withholding of service tax and has also provided tax authorities powers to recover dues from a defaulter's bankers.

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