

Jet Airways may have evaded taxes worth Rs 650 cr: Income Tax dept

I-T officials said the matter came to light five months ago when they carried out a survey on Jet Airways.

Income tax (I-T) department has discovered some irregularities in transactions between Jet Airways and its Dubai-based group companies and believes that the airline may have done this to evade taxes worth around Rs.650 crore.

The investigative wing of the I-T department has prepared a report saying this and forwarded it to the assessment division which will seek a reply from Jet Airways and decide whether or not to raise a tax demand.

“Jet Airways would like to clarify that it has not received any communication from I-T department so far,” a Jet Airways spokesman said. “Hence, the airline is unable to comment on the same.”

I-T officials said the matter came to light five months ago when they carried out a survey on Jet Airways. The airline was paying commission every year to its general sales agent in Dubai which was actually a part of its Dubai-based group company. The commission was allegedly in excess of the permissible business transactions under the Income Tax Act and cannot be viewed as allowable expenses that could fall outside the ambit of taxation.

“In September last year, based on specific information, a survey under section 133 (A) of the I-T Act was carried out at the business premises of the airline. During the said survey, documents were seized. Upon inquiry some transactions concerning a Dubai-based entity were found to be of suspicious nature. These pertain to commission paid by the airline to the said entity,” said an official, who was privy to the survey report, spoke to ET on condition of anonymity. “The entire amount is around 650 crore,” added the official.

He added that these transactions could not be explained. “These are excessive payment made with the intent to divert funds abroad, done with the sole intention to evade taxes.”

The 25-year-old airline is facing financial difficulties and owes money to pilots, lessors and vendors. The cash-strapped airline has defaulted on debt payment to a consortium of banks, and its rating has been downgraded by ICRA

(Economic Times)