

## **Trusts Run by Cos Abuse I-T Breaks: CAG Report**

The government's statutory auditor has found many trusts run by business houses and sports bodies have abused the income-tax exemptions available to them for doing charitable work. These include at least two Tata trusts and a number of state cricket associations, the Times of India, reported on Thursday.

The audit report by the Comptroller and Auditor General (CAG) that includes these findings will be tabled in Parliament in the winter session. The CAG has said Jamsetji Tata Trust and Navajbai Ratan Tata Trust together invested more than 3,000 crore in prohibitive modes, or investment not eligible to be considered charitable in nature. We are not aware of the recent audit of the CAG of India referred to by you. However, we confirm that a tax demand has been raised by the income-tax department against the trust in relation to the subject matter of your query.

The department has stayed the recovery of demand against an interim tax payment made by the trust, pending appellate proceedings, AN Singh, the managing trustee of the Sir Dorabji Tata Trust (of which the Jamsetji Tata Trust is an affiliate) said in a reply to detailed questionnaire sent by the Times of India. In the opinion of the trust, there is no loss of revenue to the exchequer resulting from investment, he added. The CAG has also written to the finance ministry, which has asked the income-tax department to initiate action to recover over 1,000 crore from the two trusts. In the report, Exemptions to Charitable Trusts and Institutions that covered 80,000 trusts, the CAG has said some of the trusts had transferred their surpluses to other trusts instead of investing the same for charitable purposes. All the Tata trusts together hold 66% in Tata Sons, the holding company of the \$100-billion Tata Group that is popularly referred to as salt-to-steel conglomerate.

*(Economic Times)*