

**Press Information Bureau
Government of India

PRESS NOTE

It has been reported in a section of the press that several captains of industry have complained to the government that taxmen are harassing industry by resorting to indiscriminate and increased ‘raids’.

It is informed that under the Income Tax Act, search and seizure is conducted on the basis of specific and credible information regarding tax evasion, and after conducting necessary verification. Information technology tools, such as CASS and ITDMS, have been developed and are being extensively utilized by the Income Tax department to unobtrusively select cases for scrutiny or verify information before taking intrusive action. In the current year, the number of search warrants executed has declined compared to last year. For the period April to October (7 months), 2,190 search warrants have been executed in the current financial year 2011-12 as against 2,548 in the earlier year 2010-11 for the same period. Income amounting to Rs.18,750 crore was detected and admitted by the persons in searches in the last two years, and in the current year the income admitted is Rs.3,887 crore.

Similarly, number of surveys at business premises (which do not involve entering residences), have also reduced. Surveys conducted were 5,777 in 2008-09, 4,680 in 2009-10 and 3,911 in 2010-11 and the income detected and admitted by the persons surveyed was Rs.3,060 crore, Rs.4,857 crore, Rs.5,894 crore, respectively. In the current financial year 2011-12, only 1,271 surveys have been conducted up to September, 2011. It is therefore incorrect that ‘raids’ have increased and are indiscriminate. The large amounts of undeclared incomes admitted by the persons searched / surveyed justify the action taken by the Department.

Payment of taxes, and correct taxes, is both a legal and civic responsibility. It is the endeavour of the Income Tax department to collect taxes in an unobtrusive manner. In some cases intrusive action becomes unavoidable. It is natural that persons being investigated will feel uncomfortable, even harassed. However, out of 350 lakh taxpayers, searches and surveys were conducted in about 7,000 cases, which is 1 in 5,000 taxpayers. Therefore, the impression sought to be created, that raids are being conducted by the tax department indiscriminately and have been increasing in the recent months, has no factual basis whatsoever.

Ministry of Finance, Department of Revenue (Central Board of Direct Taxes)
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DSM/SS/SL