

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1538

ANSWERED ON:01.12.2006

VIOLATION OF IT REGULATIONS

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Will the Minister of FINANCE be pleased to state:

- (a) whether several banking/financial companies are violating income tax regulations;
- (b) if so, the details thereof; and
- (c) the action taken and achievement made by the Government against such companies during the last three years?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) & (b): Instances of violation of the provisions of Income Tax Act/Rules by banking/ finance companies have come to the notice of the Department, including detection of tax evasion and non furnishing and incomplete furnishing of Annual Information Returns (AIR) and statements of Banking Cash Transaction Tax (BCTT) within the prescribed time. However, the Department does not maintain a central database of such instances. For bank wise details of violation of various conditions of the Income Tax Act/Rules, individual case records would have to be examined, involving substantial time and effort, which may not be commensurate with the objectives sought to be achieved.

(c) Legal steps for recovery of demand and issuance of letters/statutory notices have been taken in respect of such entities to ensure compliance to the provisions of the Income Tax Act/Rules. However, bank-wise and year-wise details of the measures taken are not centrally maintained.