

Income Tax Department trying its best to make IDS a success

The income tax department is leaving no stone unturned in its bid to make the income declaration scheme (IDS) a success.

With less than 10 days to go before the September 30 deadline, small businesses and roadside eateries—many of which have never seen an IT officer before — are the latest to feel the heat.

In Mumbai alone, about 50 — including a well-known vada pav centre in Thane, a dosa centre in Ghatkopar, a sandwich centre in Andheri and a jalebiwallah in south Mumbai — were raided and the owners asked to declare their black money under IDS.

Also, about 100 raids or surveys were conducted in Ahmedabad and eateries and well-known shops in New Delhi and Kolkata.

The raids are based on information collected by the tax department in the last six months. According to a tax official ET spoke to, about 1 lakh small businessmen and shopkeepers have been identified by the government as possible evaders. It is also understood that the government has given targets for each city.

As in Mumbai and New Delhi, tax departments are said to have been given a target of Rs 2,500 crore. ET could not independently confirm these figures from tax officials. Experts said raids and surveys have increased in the past week.

"In my 25 years of experience, I have not heard of any raids or surveys on these eateries. They seized cash from the shops, many shopkeepers were taken by surprise as they have never dealt with tax officials ever," said a chartered accountant who is advising some of those raided in Mumbai. As much as Rs 2 crore may have been seized, according to some estimates.

The push is set to intensify. People with knowledge of the matter said tax officials are expected to conduct about 1,000 similar raids or surveys across India by September 30.

"Many smalltime businessmen have now been on the receiving end as the income tax department seems to be going after them. In most cases the tax officials are asking the tax payers to declare all the money under the IDS," said Paras Savla, partner, KPB & Associates, a tax consultancy.

On Monday, about 400 tax officials descended on Khau Galli in Mumbai in one such exercise. This paralleled swoops on shop owners in other parts of Mumbai and in New Delhi and Kolkata.

At least 20 raids are to be conducted every day in major Indian cities, said the people cited above. Apart from Mumbai and New Delhi, tax officials are also targeting small businessmen in Kolkata.

"Anyone who has ever dealt in penny stocks or has a company that has a lot of related party transactions has been questioned," said the head of a tax firm based in Kolkata. "Surprisingly, many companies that have filed for returns were also told by the tax officials to declare money under IDS."

Tax officials are also pursuing expenses and tax deduction claims by companies. In Mumbai and New Delhi, some real estate developers were raided.

(Economic Times)