

## **I-T department to scrutinise tax relief claims by sick companies**

The I-T Department has asked Assessing Officers to scrutinise tax relief being claimed by sick companies as part of the rehabilitation scheme approved by the BIFR.

The tax relief for sick companies approved by Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies Act, 1985 will not automatically apply as the SICA has been repealed with effect from December 1, 2016, the tax department has said.

The Assessing Officers should "examine the assessment records of the companies" to find out whether any relief has been wrongly claimed by the company and inadvertently allowed through the relief, the I-T department said in a communication to all Principal Chief Commissioners.

"In case the reliefs/concessions have been wrongly allowed, appropriate remedial action has to be taken immediately," the I-T department said in a communication to Principal Chief Commissioners.

It further said that reliefs/concessions envisaged by BIFR in such cases are not automatic and can be claimed and allowed only after approval and issue of appropriate orders by the Central Board of Direct Taxes.

Nangia & Co Director (Direct Taxation) Shailesh Kumar termed the move as a step to plug the tax leakage.

"With repeal of SICA, which used to override provisions of I-T Act, all such claims are now dependent on CBDT approval and no benefit of such claims can be granted without CBDT approval," Kumar said.

This a cautionary instruction/direction issued by government to ensure benefits of such schemes are not availed by non-eligible sick companies and to protect tax department's interest in such cases, he added.

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