

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.52
TO BE ANSWERED ON FRIDAY, THE 15TH DECEMBER, 2017
AGRAHAYANA 24, 1939 (SAKA)**

TAX EVASION BY SHELL COMPANIES

52: DR. KIRIT P. SOLANKI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has a singular official definition for shell companies and if so, the details thereof;*
- (b) whether the Government is aware of the exact number of shell companies currently in operation and if so, the details thereof; and*
- (c) the steps taken by the Government to track and shut down shell companies that have been involved in illegal activities such as tax evasion?*

**ANSWER
MINISTER OF STATE FOR FINANCE**

(SHRI SHIV PRATAP SHUKLA)

(a) to (c): The term “Shell Company” is not defined under the Income Tax Act, 1961 and the Companies Act, 2013. However, the Registrars of Companies (ROCs) have struck off 2,24,733 companies from the register of companies as of now after following the due process under Section 248 of the Companies Act, 2013. Further, the Government has ordered investigation against 57 companies u/s 216 read with 210 (1)(c) of the Companies Act, 2013 for huge sums deposited in Bank accounts and withdrawn in an exceptional manner in post demonetization.

Further, a Task Force (TF) was constituted under the joint chairmanship of Revenue Secretary and Secretary, Ministry of Corporate Affairs in February, 2017 to enable a whole of the government approach to wiping out shell companies indulging in illegal activities. As decided by the TF, various departments/ agencies are actively sharing the information data base on shell companies. The TF has met six times so far.

Enforcement actions against shell companies, their operators and associates and various beneficiaries have been taken by the Income Tax Department (ITD) on an on-going basis. Enforcement actions against shell companies and associated persons have further been intensified in recent past. Criminal prosecution complaints have been filed in 47 cases.

Mandatory linking of Aadhar with PAN has been initiated by ITD in March 2017. This significant measure is an important step as it would, *inter alia*, reduce possibilities of fictitious/bogus/dummy persons being made directors of shell companies. It would also enable more effective enforcement actions.
