

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. 2211
TO BE ANSWERED ON MONDAY, 02ND DECEMBER, 2019
AGRAHAYANA 11, 1941(SAKA)**

TAX DEPARTMENT REPORT ON FILM INDUSTRY

2211. SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether a recent report of the Income Tax Department on Mumbai's film industry finds significant funding from hawala and hot-money routes, portending a grave threat to tax mobilisation and even to general law and order and if so, the details thereof;*
- (b) whether it is a fact that the movie industry is operating in a volatile environment that is threatening its traditional sources of revenue and it is highly exposed to the black money and poses myriad challenges to the tax administration and if so, the details thereof; and*
- (c) whether some major production houses have registered their companies overseas, thereby arousing suspicion among taxmen and if so, the details thereof and the steps taken/being taken by the Government to correct the process of accumulating ill-gotten funds that starts with production and the core issue of financing a film?*

**ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)**

(a) to (c): The Income Tax Department conducts suitable actions in the relevant cases as per the provisions of the Income Tax Act, 1961 on various persons who may be engaged in diversified business activities across different sectors, including film industry. Whereas no such report has been brought out by the Income Tax Department recently, it is a fact that each sector of economy has its unique ways to evade tax. The Income Tax Department takes all necessary measures to tackle such ways of tax evasion by way of sector specific legislative provisions, administrative measures to encourage tax compliance and enforcement actions in requisite cases which includes search and seizure actions, surveys, prosecutions etc.

The Income Tax Department has also proactively engaged with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements(TIEAs)/Multilateral Conventions etc.

Further, disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of Income tax Act, 1961.
