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## Income Tax Department Investigates Underreported Property Transactions Amid Rising Tax Evasion

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– Categories: Real Estate



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The Income Tax Department has initiated a detailed investigation into underreported high-value property transactions, uncovering large-scale discrepancies that point to potential tax evasion.

According to a report by the *Economic Times*, the department has identified several instances where property sales worth over ₹30 lakh were not reported under the mandated Statement of Financial Transactions (SFT). The investigation was triggered after anomalies were noticed in the data submitted by sub-registrars and real estate developers, suggesting a mismatch between actual transactions and what was declared.

Sources familiar with the matter revealed that a considerable number of property transactions were either undervalued or not reported at all in the SFTs. This failure to report has raised red flags, especially in the context of rising cases of tax evasion within the real estate sector.

The Income Tax Department is particularly focusing on developers and housing societies, many of whom are suspected of deliberately omitting details of large transactions to avoid taxes. In some cases, payments made in cash or off the record are believed to have been used to suppress the actual value of deals.

Officials are also scrutinising whether these discrepancies stem from errors or if they reflect a more systematic attempt to evade taxation. The department is considering stricter enforcement and penalties for non-compliance, and more rigorous data reconciliation between property registration authorities and the tax system is expected.

This investigation highlights the government's growing efforts to plug revenue leakages in the real estate sector, which has historically been vulnerable to unreported income and black money. The findings are likely to result in a series of notices and audits aimed at bringing greater transparency to high-value property transactions.