



# THE TIMES OF INDIA



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## **Post a/c recast, IL&FS may seek tax refund**

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# After a/c recast, IL&FS likely to seek tax refund

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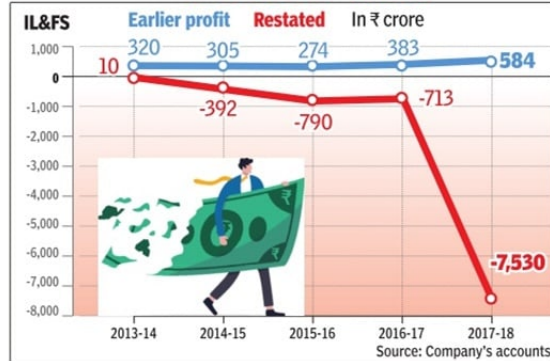
New Delhi: Having restated its accounts and reported losses in four of the five years, scam-tainted IL&FS has opened up the issue of refund of income tax paid earlier.

"The management is in the process of seeking expert advice as well as exploring the manner in which recasting adjustments can be incorporated in its returns of income filed with the I-T department for respective financial years for which recast have been ordered," the accounts for the company said. A similar issue will have to be dealt with two of its major subsidiaries IL&FS Financial Services and IL&FS Transportation after the National Company Law Tribunal took on record the revised accounts.

While there are provisions in the law to allow for a refund of taxes, they are time barred. "It will require the companies to file belated returns and then the authorities have to agree to the request," a tax official told TOI.

In the case of Satyam, which underwent a similar resolution process, tax advisors said, restatement resulted in a lengthy legal battle, but a recent court order may come to rescue of

## Losses In 4 Of The 5 Years



IL&FS since the accounts were restated on NCLT's directions. Tax consultants said CBDT will have to offer a relief, given the "unusual situation" where govt had to step in and take control of the company and lenders are bearing the losses.

Sources said based on NCLT order, IL&FS group is going to argue that the case is not time barred since the restated accounts have only been taken note of now. They also said the companies are working on the required reports for tax authorities before refund claims are filed, while acknowledging that the issue was complicated.

Given that banks will lose

money on the exposure and the govt's push to clean up, the company is hoping that an intervention by the tax authorities is possible. Sources in govt, however, indicated that the process is not going to be easy as it will also set a precedent for the future.

The revised accounts also point to excess managerial remuneration being paid by the group, based on the earlier accounts, as also performance pay being doled out. As reported first by TOI, the new management has now sought a refund of the "excess payment", including to directors of the superseded boards, which some of them are refusing to pay back.