

## **6. Congress violated basic principles of tax, lost exemption**

**By Gopal Krishna Agarwal,**

The BJP on Friday reacted strongly to Congress allegations that the government is targeting it through tax notices and freezing of bank accounts.

"The I-T exemption that parties get is based on certain conditions. Congress has violated the basic condition mandated by EC for tax exemption," BJP national spokesperson Gopal Krishna Agarwal told ET.

Agarwal said that Congress got cash donations above Rs 2,000, which is against the rule.

"The Congress received Rs 14.5 lakh in cash over Rs 2,000. These violations and late returns cost them their exemption under Section 13(A) of the I-T Act," he stated.

Once a political party loses tax exemption, all its income becomes taxable and all expenditure under income from other sources is disallowed.

Agarwal further said the IT department issued several notices to Congress, but they didn't respond.

"The notice of demand for Rs 135 crore tax given to Congress for the assessment year 2018-19 is after the party lost the exemption," he added.

The BJP leader said that Congress filed an appeal before the Income Tax Appellate Tribunal but didn't pay the mandatory 20% of the total liability required to hear the matter.

"Congress has gone to appeal in ITAT as well as High Court but all their appeals have been rejected. The matter is

in the Supreme Court now," Agarwal said.

He said that the Income Tax department's action is based on the incriminating material seized during search operations which indicated extensive usage of cash by the party.