



Income tax Department carries out nation-wide verification exercise on restaurants suppressing turnover

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The Income tax Department carried out investigation relating to tax evasion pattern in Food & Beverage sector in November 2025. During the exercise, it was found that several restaurants were engaged in deletion of bulk bills and other modifications to suppress the actual sales.

Advanced analytics of transactional data from about 1.77 lakh restaurants in the F&B sector was carried out using AI-enabled analytical tools. The data was compared with the turnover declared in their Income Tax Returns. The analysis revealed large-scale under-reporting of income. In some cases, recorded sales were not fully reflected in financial accounts or tax filings, and certain transactions were excluded from reported sales.

Consequently, on 8 March 2026, a nationwide survey was conducted on 62 restaurants across 46 cities in 22 States. On a preliminary basis, the exercise revealed suppression of sales amounting to around Rs. 408 crore. Investigations in this regard are underway.

The Department continues to emphasise voluntary compliance and a trust-based approach. It has commenced the SAKSHAM NUDGE campaign to guide and advise taxpayers to correct their mistakes. Taxpayers are encouraged to file updated returns under Section 139(8A) of the Income Tax Act. In the first phase, emails and messages will be sent to the identified 63,000 restaurants, requesting them to update their returns before 31 March 2026.

NB/KMN

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