

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

**LOK SABHA
UNSTARRED QUESTION NO. 223
TO BE ANSWERED ON
MONDAY, 04TH DECEMBER, 2023
AGRAHAYANA 13, 1945 (SAKA)**

BLACK MONEY IN REAL ESTATE SECTOR

223: SHRIMATI MALA ROY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made any estimate of circulation of black money in real estate sector;**
- (b) if so, the details thereof; and**
- (c) the steps taken or proposed to be taken by the Government to curb the circulation of black money in this sector?**

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) & (b): There is no official estimation of circulation of black money in India, including in the real estate sector.

(c): Various steps have been taken in the recent past to reduce the circulation of unaccounted money in the real estate sector, some of which are as under:

1. Some of the legislative measures under the Income Tax Act, 1961 and the Income Tax Rules, 1962 are as below:

- (i) Section 43CA and Section 50C were brought in for adoption of stamp duty value as consideration if it is more than the declared consideration.
- (ii) Section 50CA read with the relevant Income Tax Rules, 1962, provides for taking of stamp duty value of immovable property held by an unlisted company for the purpose of determination of capital gains on transfer of shares of such company.
- (iii) Section 56(2)(x) provides for taxing the amount of the difference between the stamp duty value and consideration received, if any, in case the same exceeds Rs. 50,000 in the hands of recipient.

- (iv) Section 194-IA provides that any person responsible for paying to a resident any sum exceeding Rs. 50 lakhs by way of consideration for an immovable property (other than agricultural land) has to deduct tax @1% of such sum at the time of payment. The Finance Act, 2022 has amended this section to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of 1% of the higher value out of sum paid to a resident taxpayer or the stamp duty value of such property.
- (v) In order to curb cash dealing in real-estate transactions, section 269SS was amended to prohibit receipt of any amount of Rs. 20,000/- or more for transfer of immovable property otherwise than by banking channel. Similar restriction is provided under section 269T.
- (vi) Section 285BA requires specified entities to furnish a Statement of Financial Transactions (SFT) in respect of specified financial transactions during the financial year. Such specified financial transactions include transactions in property.
- (vii) Rule 114B and Rule 114E of the Income-tax Rules, 1962 provide for mandatory quoting of PAN and reporting of transaction of immovable property, if the consideration exceeds the respective thresholds specified in these rules.

2. The Benami Transactions (Prohibition) Act, 1988 was comprehensively amended through the Benami Transactions (Prohibition) Amendment Act, 2016 to provide for an effective regime for prohibition of benami transactions. Such benami transactions include transactions in real estate sector also.

3. The information available with the Income Tax Department is analysed using advanced tools, with the aim to verify the compliance of an assessee with the relevant tax provisions, create necessary deterrence and to take appropriate action as per law in cases where any discrepancy is found.

4. Appropriate actions as per the provisions of the Income Tax Act, 1961 include conducting searches and surveys, assessment of income, levy of tax, imposition of penalty, launching of prosecution etc.
